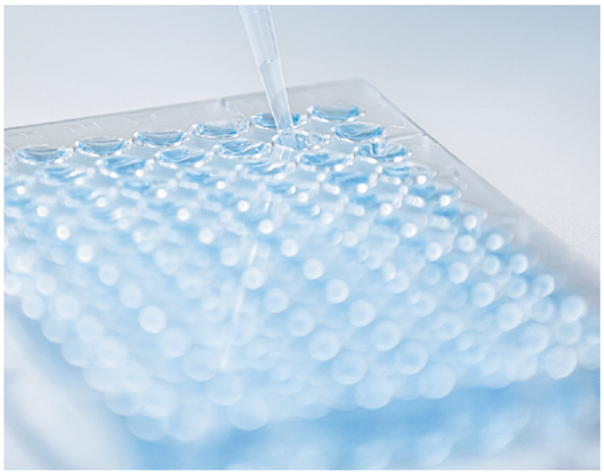
Biotest

From Nature for Life

SAFETY. RELIABILITY. FLEXIBILITY. | Annual Report 2020



KEY FIGURES

BIOTEST GROUP		**2020**	2019
Revenue	Mio. €	**484.2**	419.1
thereof:			
Germany	Mio. €	**126.5**	117.4
Rest of World	Mio. €	**357.7**	301.7
thereof:			
Therapy	Mio. €	**430.5**	371.9
Plasma & Services	Mio. €	**46.7**	39.5
Other Segments	Mio. €	**7.0**	7.7
EBITDA	Mio. €	**28.3**	30.5
Depreciation & amortization	Mio. €	**29.6**	31.7
Operating result (EBIT)	Mio. €	**–1.3**	-1.2
EBIT in % of sales	*%*	***-0.3***	*-0.3*
Profit before taxes	Mio. €	**-30.0**	-1.3
Profit after taxes	Mio. €	**-31.4**	-4.7
Financing			
Cash flow from operating activities	Mio. €	**-16.7**	-33.6
		31.12.2020	31.12.2019
Equity	Mio. €	**441.6**	477.0
Equity ratio	*%*	***39.0***	*43.0*
Balance sheet total	Mio. €	**1,131.3**	1,108.4
Employees in FTEs	Anzahl	**1,928**	1,837
Earnings per ordinary share	€	**-0.80**	-0.13

CONTENTS

1

2

1

DR. MICHAEL RAMROTH
Chief Executive Officer / Chief Financial Officer

2

DR. GEORG FLOß
Chief Operations Officer

DEAR READERS,

For more than a year, all of us – you, dear readers, the employees of the Biotest Group, the patients treated with our preparations, our plasma donors and our business partners – have been faced with the challenges of the COVID-19 pandemic. At the turn of the year 2020/2021, an important phase for overcoming this pandemic has begun with the vaccination programmes. But as long as COVID-19 is not sustainably contained, the spread of this disease will be associated with great concerns regarding one's own health, especially for people who are already fighting other serious diseases. This includes many patients who are treated with Biotest medications. For this reason, we would like to emphasise once again that Biotest's preparations are safe. During treatment with Biotest preparations, there cannot and will not be any transmission of the SARS-CoV-2 virus, the COVID-19 pathogen. Virus inactivation or elimination is integrated into our production process as a standard measure and guarantees a strong protection and defence mechanism. During the nanofiltration process, the plasma protein solution intended for drug production passes through a filter whose pores are only 20 nanometres in diameter. The COVID-19 pathogen has a diameter of more than 120 nanometres and is thus six times wider than the opening of the filter. The pathogen cannot pass through this filter and is separated from the protein solution, which is further processed into one of our preparations.

In order to protect our employees from being infected with COVID-19 and to ensure safe continuation of production, we have further tightened our already strict security measures for company work processes. Similarly, we held the Annual General Meeting in May 2020 as a virtual General Meeting to protect all stakeholders. It was one of the first virtual Annual General Meetings held in Germany in 2020. Biotest saw a lively turnout from the shareholder base and the Board of Management was asked considerably more questions than in previous years. These were answered completely at the Annual General Meeting. In addition, two new Supervisory Board members, Simone Fischer and David Gao, were elected and the distribution of a dividend of € 0.04 per preference share was resolved. In view of the COVID-19 pandemic, which has still not been overcome, Biotest will also hold the 2021 Annual General Meeting as a virtual General Meeting.

Despite the challenges of the COVID-19 pandemic, the Biotest Group achieved the expansion of its international market presence and growth in sales revenue in the past financial year. Together with its distribution partner Anhui Tonrol Pharmaceutical Co. Ltd., Biotest was able to celebrate an important success in June 2020 by launching the product "Human Albumin Injection" on the Chinese market. At € 484.2 million, total revenue in financial year 2020 was 15.5 % higher than in the previous year. The forecast of an increase in revenue of around 10 % was thus exceeded.

Biotest launched its own research initiatives to help COVID-19 patients in 2020 and is also involved in an industry-wide collaboration with other plasma protein manufacturers to develop a new hyperimmunoglobulin drug against COVID-19. In Biotest's ongoing Trimodulin development project, the planned phase III trial in artificially ventilated patients with severe pneumonia will be expanded to include COVID-19 patients. The similarity of COVID-19 symptoms to patients previously treated with Trimodulin in the CIGMA study justifies the assumption that Trimodulin also has significant potential for treating pneumonia caused by COVID-19. At the same time, a much faster phase II trial was started, in which the first severely ill COVID-19 patient was treated with Trimodulin in the fall of 2020.

As part of the industry-wide CoVIg-19 Plasma Alliance of Biotest, CSL Behring, LFB, Octapharma and Takeda, the first batches of a hyperimmunoglobulin drug against SARS-CoV-2 have now been successfully produced. The Biotest site in Dreieich is one

of the two European production sites where a batch of this hyperimmunoglobulin has already been successfully manufactured. At the same time, the approval study is already underway in the USA, Europe, Asia and Africa. The approval of the preparation based on highly concentrated COVID-19 antibodies is expected to be granted worldwide in the second or third quarter of 2021.

At €-1.3 million, EBIT was significantly better than the forecast figure of € -10 million. This improvement was mainly due to a higher revenue, better margins from supplying to attractive markets, lower administrative expenses, and non-recurring other operating income from the early repayment of a partially impaired loan. Excluding the higher expenses for additional studies, positive EBIT would have even been achievable. However, the additional study activities mentioned above led to higher expenses last year. For Biotest as a pharmaceutical company, though, it is important to take responsibility during the COVID-19 crisis and to actively participate in the fight against the pandemic through the measures just mentioned.

Despite the challenges associated with COVID-19, further progress was also made in our Biotest Next Level expansion project in 2020. The very successful second approval inspection part two by the authorities took place in June 2020 and focused on the qualification of the production facilities for IgG Next Generation and the in-process laboratories. Due to COVID-19, the inspection of the new production facilities in Dreieich is expected to be postponed until the end of March 2021, after which the production of the consistency batches will take place and we look forward to successfully crossing the finish line with the Biotest Next Level project later in 2021.

Encouraging milestones were also achieved in 2020 in the research projects that took place as part of the Biotest Next Level project. Following the phase III study on the use of IgG Next Generation in the therapy of immune thrombocytopenia (ITP), the phase III study on the treatment of primary immunodeficiency (PID) was also successfully completed in 2020. The therapy with IgG Next Generation was tolerated very well overall by all age groups.

Finally, we would like to express our sincere thanks to all those who have contributed to keeping Biotest successfully on course in the rough seas of the COVID-19 pandemic. This thanks goes in particular to all plasma donors who have donated plasma even under the COVID-19 framework conditions, and to all our employees for their continued high level of commitment, their reliability in complying with the new protection and safety precautions, and their loyalty. The willingness of plasma donors to donate and the performance of our employees are the key elements that were necessary to enable Biotest to produce vital preparations for patients also in the difficult year 2020. The fact that we achieved this together fills makes us feel proud! We would like to thank all our business partners and you, dear shareholders, for the trust you placed in us again in the corona year 2020.

Your,

Dr Michael Ramroth Dr Georg Floß

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2020

A. GROUP PRINCIPLES

I. BUSINESS MODEL OF THE GROUP

The Biotest Group, headquartered in Dreieich, Germany, is an international supplier of biological medicines. Products currently on the market and new developments are obtained from human blood plasma or manufactured using biotechnology methods. The main therapeutic areas are haematology, clinical immunology and intensive care medicine.

The Biotest Group is engaged in research and development in all three therapeutic areas. Biotest covers all the material steps of the value chain, such as preclinical and clinical development of the preparations, plasma collection, production, worldwide marketing and sales.

A. CORPORATE STRUCTURE

The Consolidated Financial Statements include the parent company Biotest AG and 14 other fully consolidated companies.

In the first quarter of 2020, Biotest Real Estate Corporation, Wilmington (Delaware), USA, was deconsolidated from the consolidated financial statements of Biotest AG. The reason was the liquidation of the company. The company held a plot of land in the US that was sold in 2019. The positive deconsolidation result of Biotest Real Estate Corporation is mainly the result of currency differences from currency translation accumulated in equity, which were reclassified to the Consolidated Statement of Income in the amount of € 0.4 million.

All of Biotest's investments are listed in Section F10 of the Notes to the Consolidated Financial Statements. For detailed information regarding the Company's corporate structure, management and governance, please see the "Management Declaration" available on the Company website www.biotest.com.

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, an indirectly controlled subsidiary of Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat), has held an 89.88% share of the voting share capital in Biotest AG and 44.95% of the total share capital of Biotest AG since 31 January 2018.

B. SEGMENTS OF THE BIOTEST GROUP

The Company's operations are divided into the segments Therapy, Plasma & Services and Other Segments. The Therapy segment includes products and development projects assigned to the three above-mentioned therapeutic areas. Plasma sales, toll manufacturing and know-how transfer are combined in the segment Plasma & Services. Biotest reports on its merchandise business and cross-divisional costs not allocated to the Therapy or Plasma & Services segments in Other Segments.

C. VALUE CREATION

The Biotest Group covers the essential stages of the value chain for the manufacture of its main products, plasma proteins, such as preclinical and clinical development of the preparations, plasma collection, production, worldwide marketing and distribution. Production is located at the German headquarters in Dreieich. In addition, Biotest maintains its own distribution operations in seven European countries and Brazil, which are responsible for marketing Biotest products in these countries. The Biotest Group is also active in around 80 countries in the world via local partners. The sales and distribution activities are centrally managed strategically from Biotest's headquarters in Dreieich.

Human blood plasma is the basis for manufacturing Biotest products. To obtain this raw material for its own production as well as for the purposes of selling some of it to contractual partners, Biotest currently operates 22 of its own collection centres in Europe. In these centres, blood is taken from qualified and strictly monitored healthy donors, and the required blood plasma is separated by plasmapheresis. The blood plasma is then processed further into the respective Biotest preparations at the Dreieich production site or sold as an intermediate product.

In addition to the focus area of blood plasma products, Biotest is also conducting research on new approaches to treating haemophilia. The development of monoclonal antibodies was terminated in the previous year.

In order to expand the product range and increase manufacturing capacity, Biotest started planning and implementing

the Biotest Next Level (BNL) project in 2013. Further progress was made with this project in financial year 2020. The validation of the clean rooms and media systems and their approval by the Darmstadt Regional Council in November 2019 was followed by the second approval by the Darmstadt Regional Council in mid-June 2020. Here, the validation of the process equipment and the in-process control laboratories was approved. Despite a few bottlenecks in terms of personnel and materials due to the corona crisis, commissioning of the BNL production plant is progressing. Another acceptance inspection was conducted by the Darmstadt Regional Council in October 2020. The manufacturing license in accordance with Section 13 of the Medicinal Products Act (AMG) is expected to be obtained in the second quarter of 2021.

D. PRODUCT PORTFOLIO

Biotest's product range is divided into the therapeutic areas of haematology, clinical immunology and intensive care medicine. The portfolio contains products that are already on the market as well as development projects in various phases of product development. The following table provides an overview of the preparations and indications as well as the current development and distribution status.

PRODUCTS AND DEVELOPMENT PROJECTS OF THE BIOTEST GROUP

Product	Lead indication
Therapeutic area Haematology	
Haemoctin® SDH	Haemophilia A (acute therapy and prophylaxis)
Haemonine®	Haemophilia B (acute therapy and prophylaxis)
Vihuma®	Haemophilia A (acute therapy and prophylaxis)
Therapeutic area Clinical Immunology	
Cytotect® CP Biotest	Prophylaxis of the clinical manifestation of cytomegalovirus (CMV) infection in patients undergoing immunosuppressive therapy In development*: Prevention of cytomegalovirus (CMV) infection of the foetus during pregnancy when the mother is infected with CMV
Fovepta®	Immunoprophylaxis of hepatitis B in neonates
Hepatect® CP	Prophylaxis of hepatitis B reinfection
Intratect® 50 g/l (5 %)	Primary immune deficiency (PID) and secondary antibody deficiency syndromes (SID), autoimmune diseases (among others neurological indications CIDP, MMN and GBS, as well as ITP)**
Intratect® 100 g/l (10 %)	Primary immune deficiency (PID) and secondary antibody deficiency syndromes (SID), autoimmune diseases (neurological indications CIDP, MMN and GBS, as well as ITP and Kawasaki syndrome)**
IgG Next Generation*	EU/ROW: Primary immune deficiency (PID) and secondary antibody deficiency syndromes (SID), autoimmune diseases (including the neurological indications CIDP, MMN and GBS, as well as ITP) USA: PID
Varitect® CP	Prophylaxis and treatment of varicella zoster virus infection
Zutectra®	Prophylaxis of hepatitis B reinfection following liver transplantation
Therapeutic area Intensive Care Medicine	
Albiomin® (5% and 20%)	Restoration and maintenance of the circulating blood volume in the case of reduced circulating volume
Biseko®	Restoration and maintenance of the circulating blood volume in the case of reduced circulating volume
Cofact®	Deficiency of clotting factors
Fibrinogen*	Congenital fibrinogen deficiency
	Acquired fibrinogen deficiency
Trimodulin (IgM Concentrate)*	Severe community-acquired pneumonia (sCAP) Severe COVID-19 disease
Anti-SARS-CoV-2 hyperimmunoglobulin*	Severe COVID-19 disease
Pentaglobin®	Severe bacterial infection with concomitant use of antibiotics

* Preparations in the development phase (status as of 31 December 2020)

** Chronic Inflammatory Demyelinating Polyneuropathy (CIDP); multifocal motor neuropathy (MMN); secondary immune deficiency (SID); Guillain-Barré syndrome (GBS); Idiopathic thrombocytopenic purpura (ITP)
Additional indications for Chronic Inflammatory Demyelinating Polyneuropathy (CIDP), multifocal motor neuropathy (MMN) and an expansion in the field of secondary immune deficiencies (SID) have been received in 22 European countries.

Status as of 31 December 2020
Commercialisation in Europe, Asia, South America and the Middle East Market launch of Haemoctin® with double concentration in Europe; other countries to follow
Commercialisation in Europe and other regions
Commercialisation in Germany and Austria
Commercialisation in Europe, Asia, South America, Africa and the Middle East
Commercialisation in Asia, South America, Africa and the Middle East
Commercialisation in Europe, South America, Asia and the Middle East
Commercialisation in Europe, South and Central America, Asia and other regions
Commercialisation in Europe and other regions
Clinical development; ongoing phase III study
Commercialisation in Europe, South America, Asia and the Middle East
Commercialisation in Europe
Commercialisation in Europe, South America, Asia, Africa and Middle East Launch in Europe, Japan, United States and Israel
Commercialisation in Europe, Asia and Middle East
Commercialisation in Germany and Austria
Clinical development; phase I/III study completed
Clinical development; ongoing phase III study
Clinical development; ongoing phase II study (ESsCOVID) on COVID-19 patients; phase III study in preparation
Clinical development; ongoing phase III study (CoVIg-19 Plasma Alliance; NIH)
Commercialisation in Central and South America, Asia, Europe and the Middle East

E. HUMAN RESOURCES

Change in the number of employees

As of 31 December 2020, Biotest employed 1,928 persons expressed as full-time equivalents. This represents an increase of 5% compared to 1,837 full-time equivalents at the end of 2019. As of 31 December 2020, 1,305 full-time equivalents (67.7%, previous year: 67.7%) were assigned to Biotest AG. Around four out of five employees (79.6%) worked in Germany (previous year: 79.1%).

F. EXTERNAL FACTORS INFLUENCING THE BUSINESS

Regulatory environment

Biotest's manufacturing facilities for plasma proteins are subject to supervision and approval by the Darmstadt Regional Authority, Germany and the Paul Ehrlich Institute (PEI), Langen, Germany. These authorities also inspect the plants to be built at the Dreieich location as part of the Biotest Next Level project, regularly inspect the existing facilities and issue the necessary manufacturing authorisation for Biotest. Furthermore, authorities in the international environment increasingly demand national approval of the Biotest manufacturing facilities. In the member states of the European Union, plasma proteins are approved through national authorisation procedures, the centralised marketing authorisation procedure or by mutual recognition of national marketing authorisations. In the international environment, the marketing authorisations are issued by the respective national regulatory authorities. The legal and regulatory requirements for the marketing authorisation of Biotest preparations are subject to routine and event-driven changes. Quality requirements and marketing authorisation requirements are constantly being increased in the international environment. In financial year 2020, these developments led to rising costs for marketing authorisation procedures with national and international authorities.

COVID-19 pandemic

During the first quarter of 2020, the effects of the novel coronavirus, which first appeared in Asia at the turn of 2019/2020, developed into a pandemic with global implications. In order to contain the spread of the virus, governments around the world took measures during the first quarter, including a restriction of personal contacts. In the course of the second and third quarter, it became possible to ease these measures, although it was not fully possible to return to the normal business routine before the outbreak of the pandemic. Core markets of the Biotest Group were also affected by those measures and still are at the time this annual report is being prepared.

The safety of Biotest preparations and the patients treated with them is ensured. Biotest does not collect blood plasma from persons with acute coronavirus infections. If such an infection were present but not detected at the time of donation, the virus would be eliminated during the standard quarantine period and the four independent virus depletion steps in Biotest's production process.

With the increasing spread of the novel coronavirus in Europe in 2020, Biotest took precautions to protect the health of the Biotest Group's employees, for example by making greater use of opportunities to work from home. In areas such as production and the plasma collection centres, the already established high levels of precaution to ensure the safety of plasma donors and Biotest employees were extended relating to hygiene and maintaining social distance in the process. It should be noted that the Biotest hygiene concept enables the continuation of normal business operations. Biotest itself produces a hand disinfectant in order to be independent of the market availability of other hand disinfectants. A special process has also been implemented to prevent chains of infection by travel returnees from risk areas. The Biotest Group has thus taken effective measures to ensure business continuity.

Worldwide business was impacted early in 2020 by restrictions resulting from measures to contain the COVID-19 pandemic. In many countries, postponed operations and transplantations as well as the lower number of outpatients in hospitals led to a temporarily lower demand for immunoglobulins and hyperimmunoglobulins. For the fiscal year as a whole, demand for immunoglobulins increased by 20%.

Appeals or government orders to restrict personal contact and measures to maintain reasonable distances between individuals have reduced the opportunity to donate plasma and have led to reduction of the capacity of plasma collection centres. In March and April 2020, compared to the same period of the previous year, there was significant decrease in the collection volume of the Biotest plasma centers. To some extent the Biotest Group is able to compensate for the expected shortfall in plasma. While in the European collection centers of Biotest AG the plasma collection volumes have almost reached the levels before the COVID-19 pandemic it cannot be ruled out that due to the uncertainties regarding the further course of the COVID-19 pandemic there still might be a significant restriction of the supply of the raw material blood plasma in the future, in particular because collection volumes in the US are still lower than before the pandemic. This may result in a lower availability of finished products in 2021.

For research activities regarding therapeutic approaches for COVID-19 patients, please refer to chapter A.IV Research and development (general).

II. GROUP STRATEGY

The core element of Biotest's strategy is a clear focus on the commercialisation and development of plasma proteins. In addition to continuously advancing its own research and development pipeline, the Company's registration and marketing authorisation activities are focussed on the ongoing internationalisation and diversification of its portfolio.

The Biotest Group has been expanding its capacities at the Company's headquarters in Dreieich since 2013 in order to continue to participate in global market growth in the future. The Biotest Next Level project will expand the product portfolio and double fractionation capacities. In the future, five rather than three product lines will be obtained from the raw material plasma while at the same time increasing yields. This is intended to further strengthen the Company's profitability and thus its competitiveness on the global markets to lay the foundation for the further profitable growth of the Group.

Biotest is actively looking for development and/or distribution partnerships for selected plasma proteins.

The core element in implementing Biotest's corporate strategy is utilising internal resources to cover key parts of the value chain. These include in particular research and development, plasma collection, production, quality assurance and distribution. The existing expertise, especially in the areas of plasma collection and fractionation, is also used to offer free capacities in toll manufacturing on the market.

III. BUSINESS PERFORMANCE MANAGEMENT

Biotest uses both financial and non-financial indicators to manage its business, the development of which influences the value of the Company in different ways. Financial and non-financial performance indicators are measured continuously and are part of the monthly reports to the Board of Management. These reports include an analysis of actual figures and their deviations from plan and previous year figures by segment and company. Additional specific analyses are prepared on an event-driven basis.

Due to the presentation in € million, rounding differences of +/- one decimal place may arise when adding up the amounts stated below.

A. FINANCIAL PERFORMANCE INDICATORS

The indicators used to manage the business performance of the Biotest Group are shown in the table below:

KEY PERFORMANCE INDICATORS AT GROUP LEVEL

Indicator	Calculation method	Values as of 31.12.2020	Values as of 31.12.2019
Return on Capital Employed (ROCE)	EBIT/capital employed*	–0.1%	–0.1%
EBIT margin	EBIT/sales	–0.3%	–0.3%
EBT margin	EBT/sales	–6.2%	–0.3%
Contribution margin	(Sales - cost of sales) / sales	26.9%	30.7%
Cash flow from operating activities	See cash flow statement	-16,7 Mio. €	-33,6 Mio. €
Cost of sales ratio	Cost of sales/sales	73.1%	69.3%
Marketing and distribution expense ratio	Marketing and distribution costs / sales	10.4%	11.8%

* Capital employed is defined as total assets less the following items: liquid funds, medium- and long-term investments of funds, prepaid expenses, deferred taxes, trade payables and assets and liabilities.

The most important key performance indicators are sales and operating result (EBIT). Besides those performance indicators, return on capital employed (ROCE) and cash flow from operating activities are also used as additional performance indicators. At the segment level, operating profit (EBIT) is the primary performance indicator. Other indicators include sales and contribution margin by product and by sales representative. The respective share that Biotest holds in the total market as well as in a specific market segment represents an important indicator in sales. In addition, the structure of receivables as well as their associated risks are continuously analysed. Inventories and the development of receivables are measured and verified on a monthly basis.

B. NON-FINANCIAL PERFORMANCE INDICATORS

Non-financial performance indicators within the Company as a whole are used in particular in production and relate to the degree of capacity utilisation, throughput and downtimes, quality parameters as well as the level of inventories along the production chain and the yield per unit volume of plasma. These are not as important as the financial performance indicators, however.

C. MANAGEMENT OF R&D PROJECTS

Regular portfolio analysis is performed for the management of research and development projects. Development time lines, costs, probabilities of success, risks, strategic importance and market size as well as the commercial potential also in the

form of a net present value analysis are used for this. On the basis of the portfolio analysis, a Company-wide prioritisation of the projects and hence a focus of the organisation on the strategically important projects is achieved.

IV. RESEARCH AND DEVELOPMENT (GENERAL)

As part of the corporate strategy, research and development, among others, is the basis of future growth of the Biotest Group. Substantial potential is offered by the ongoing development of existing products and the development of new products.

The focus in research and development projects is on plasma proteins. Research activities focus on the new products IgG Next Generation, Trimodulin and Fibrinogen. These form the core of the product portfolio intended for production in the new Biotest Next Level production facility.

In addition, existing products are also systematically developed to further increase patient benefit or to achieve new indications and approvals in additional countries. In the reporting period, a multicentric study conducted together with various liver transplant centres showed that Zutectra® is a hepatitis B hyperimmunoglobulin preparation suitable for self-treatment at home which improves the quality of life for patients after a liver transplantation. The approval of Cytotect® CP Biotest in the United Kingdom for use in cytomegalovirus infections is an example of the Company's geographical expansion in the area of approvals.

The preclinical development of a new haemophilia preparation is progressing as planned with respect to results. Important development results were presented as evidence of the benefits of the new haemophilia A therapeutic compared to currently available therapeutic options at the ISTH (International Society on Thrombosis and Haemostasis) conference. In addition, the search for a development partner for the clinical phases and subsequent international marketing continued.

A detailed schedule of the progress made in the research and development projects carried out in financial year 2020 is shown in the "Research and Development" section of the Business Report.

The Biotest Group's research and development costs amounted to € 55.8 million in financial year 2020 (previous year: € 53.4 million). € 55.7 million of this related to plasma proteins and € 0.1 million to monoclonal antibodies. These expenses amounted to 11.5% of revenue after 12.8% in the same period of the previous year. The number of employees (converted into FTEs) in research and development was 213 FTEs as of 31 December 2020, slightly up from 31 December 2019 (204 FTEs).

Research activities with regard to the therapy of a COVID-19 infection

Due to the great similarity of the clinical picture to the patients treated in the CIGMA study, Biotest sees Trimodulin as having considerable potential for patients with severe pneumonia after a COVID-19 infection. The already completed CIGMA study is a large-scale Phase II study in mechanically ventilated patients with severe pneumonia (severe Community Acquired Pneumonia = sCAP). This group of diseases also includes pneumonia caused by the current coronavirus in severely ill patients. Trimodulin is administered as an addition to standard therapy such as antiviral or antibiotic therapy, and intensive care. In the CIGMA study, a relative reduction in mortality of 50-70 % was observed in a subgroup of patients with high inflammation markers or reduced immune function. The same conditions also occur in COVID-19 patients with severe course of the disease. Therefore, a phase II study (ESsCOVID – Escape from severe COVID-19) with COVID-19 patients was approved to dramatically accelerate the development of Trimodulin in view of the current COVID-19 pandemic. Plans for accelerated development have been discussed with the regulatory authorities in Europe. The study design was submitted to the competent authority and the Ethics Committee in Spain, Brazil, Russia and France and has already been approved. Patient recruitment began in October 2020. In parallel, Biotest is expanding its planned phase III study in sCAP to include COVID-19 patients.

In addition, Biotest is working on a new medication against COVID-19 derived from hyperimmune plasma. This involves testing plasma donations from donors previously recovered from COVID-19 for antibodies against the virus. The donations with the most antibodies can then be used in a production pool for a new hyperimmunoglobulin against COVID-19. This medication could then be used therapeutically for COVID-19. In this context, Biotest has entered into an industry-wide cooperation within the CoVIg-19 Plasma Alliance with companies such as CSL Behring, LFB, Octapharma and Takeda. The alliance is developing a polyclonal hyperimmunoglobulin treatment for SARS-CoV-2. Furthermore, reference is made to the comments in the section "Business Development - Cooperations".

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

According to the Kiel Institute for the World Economy (IfW), the global economy recorded by far the sharpest slump of the past 70 years in 2020 by posting a 3.8% decline in global output (measured on the basis of purchasing power parities).[1] The main reason for this historic decline, according to the IfW, was the impact of the COVID-19 pandemic in the spring of 2020.[2] A strong recovery took place by the fall of 2020, however restrictions on social and economic activity were again adopted to contain the pandemic, particularly in advanced economies in Europe, following a renewed increase in COVID-19 infection rates in the fall.[3]

The IfW estimates, however, that the recovery of the global economy will only be dampened temporarily so that a strong expansion is expected this year.[4] For 2021, the economic researchers expect a significant increase in global production of 6.1% and further growth of 4.5% in 2022.[5] The main factors influencing the recovery of the global economy are considered to be the waning of the wave of infection, the reversal of the measures taken to contain the pandemic, and the sustained reduction in the risks of infection and the progressive normalisation of conditions, including for the particularly contact-intensive sectors of the economy, with increasing vaccination coverage.[6] Rapid and widespread implementation of vaccination programmes is also expected to reduce economic uncertainty and increase investment activity.[7] Nevertheless, the IfW expects that income losses, poorer sales expectations and a reduced equity base as consequences of the COVID-19 crisis will burden the propensity to invest in the longer term.[8]

The pandemic continues to shape economic activity in Germany, too, according to the IfW. Following the massive slump in economic activity in March and April 2020, there was a strong recovery in Germany and the rest of the world as the pandemic situation eased in the meantime.[9] In November 2020, however, large parts of the hospitality industry and contact-intensive entertainment sectors were closed. In addition, according to the IfW, the accelerated rise in the number of infections is also likely to have led to increased private precautionary measures, which are having a dampening effect on economic activity. The shutdown measures in Germany were tightened again for the period from mid-December 2020, however.[10] Against this backdrop, the IfW expects a price-adjusted decline in the German GDP of 5.2 % in 2020. Provided that the COVID-19 pandemic can be sustainably repressed starting in the spring of 2021, the IfW expects the German GDP to grow by 3.1 % in 2021 and by 4.5 % in 2022.[11]

The IfW also expects the GDP to decline in 2020, followed by a significant recovery in 2021 and 2022, in the United States (2020: -3.6 %; 2021: +3.7 %; 2022: +3.5 %), for the euro region as a whole (2020: -7.2 %; 2021: +4.9 %; 2022: +4.0 %), for Asia (2020: -1.6 %; 2021: +9.3 %; 2022: +6.5 %) and for Latin America (2020: -7.6 %; 2021: +4.4 %; 2022: +3.4 %).[12] An even sharper decline in the GDP is forecast for 2020 (-11.3 %) for the United Kingdom, as the effects of the COVID-19 pandemic and the uncertainties surrounding Brexit acted as an additional brake on investment. However, a marked economic recovery is also expected for the United Kingdom in 2021 (+6.5 %) and 2022 (+4.0 %).[13]

Due to the high global medical demand for plasma protein products, the Biotest Group is only dependent on global economic cycles to a lesser extent. This assessment by management also applies under the current economic conditions. Nevertheless, effects on the operating business, in particular due to local crises and exchange rate changes, cannot be ruled out.

II. INDUSTRY-SPECIFIC FRAMEWORK

Immunoglobulins and albumin, the Biotest Group's best-selling products, are enjoying stable growth. This applies to established markets such as the USA and Europe as well as to other regions of the world. For example, industry experts expect the global demand for the immunoglobulin (IgG) market to grow by 7 to 8% annually as a long-term target corridor.[14] As a result of the corona pandemic and related containment measures, plasma donations in the US have declined by double digits in 2020.[15] Due to the importance of US plasma for the global market, a product shortage is expected in 2021, especially for IgG. In contrast, the plasma volumes collected in the EU countries Germany, Austria, the Czech Republic and Hungary that are of importance to Biotest recovered quickly following a brief

[1] Kiel Institute for the World Economy (2019), Economic reports from Kiel, World economy in winter 2020, p. 7.
[2] Ibid. p. 2.
[3] Ibid. p. 2f.
[4] Ibid. p. 7.
[5] Ibid. p. 8.
[6] Ibid. p. 7.
[7] Ibid. p. 7.
[8] Ibid. p. 8.
[9] Kiel Institute for the World Economy (2019), Economic reports from Kiel, German economy in winter 2020, p. 2.
[10] Ibid. p. 2.
[11] Ibid. p. 2, p. 5.
[12] Kiel Institute for the World Economy (2019), Economic reports from Kiel, World economy in winter 2020, p. 9, p. 13.
[13] Ibid. p. 9f.
[14] Biotest Market and Pricing Insights based on MRB (2018, 2019), Plasma Protein Therapeutics Association (PPTA) (2019), Markets and Markets (2019), Allied Market Research (2018).
[15] PPTA (2020).

slump in the spring of 2020 and are expected to remain at the previous year's level in 2021.[16]

EU prices for intravenous immunoglobulins (IVIG) are still well below the price level in the United States.[17] The market volume for immunoglobulins in the USA increased in the first nine months 2020 compared to the previous year by showing growth rates in the lower double-digit percentage range.[18] By contrast, the market volume in Europe developed more slowly over the same period than in the USA.[19] The German market also developed positively in the first half of the year in terms of sales volume – however, in contrast to general practitioners, the area of clinics was negatively affected by the corona pandemic.[20] At the global level, the average price is developing positively.

The long-term growth of the global albumin market is estimated to grow at an annual rate of around 6%.[21]

In the treatment of haemophilia A, the recombinant sector is significantly influenced by the introduction of half-life-extended release Factor VIII preparations that intensify competition and thus significantly increase price pressure in the overall market. The launch of new alternatives to Factor VIII therapy, so-called non-replacement therapies, is slowing the growth of the Factor VIII market, particularly in the US, Europe and other developed markets. Low- to mid-single-digit growth is still expected mainly from increasingly established Factor VIII therapies in emerging markets.[22] Haemophilia patients currently do not have access to coagulation factor therapy in many of these countries. While Europe, North and South America account for only about 29% of the world's population, they are responsible for about 82% of the global Factor VIII market volume. The US market plays a special role here.[23] Despite regulatory hurdles, the expected launch of gene therapies for the treatment of haemophilia A will put further pressure on the developed Factor VIII markets and further strengthen the importance of markets outside the USA and Europe.

The global market for plasmatic Factor VIII preparations is expected to develop by -5% to 1% p.a. by 2024.[24]

During the COVID-19 pandemic, planned operations were either postponed or stopped altogether in many countries. This also had an impact on transplantation activity during the peak of the pandemic in the respective countries. While some countries, such as Germany, were able to maintain a stable level in the first quarters of 2020 compared to the previous year,[25] there were significantly lower activities in other countries, such as Spain and Great Britain. Due to the renewed worldwide increase in the number of corona infections and the associated exceptional situation for hospitals and intensive care units, a renewed negative impact on transplantation figures is expected. It is expected that with the expansion of testing capacities and the introduction of vaccination programmes, the protective measures can be relaxed again in the long term, so that transplantation figures should reach the pre-COVID-19 level again in 2021/2022.[26]

III. BUSINESS PERFORMANCE

A. BIOTEST IN 2020

Goals for 2020: Target-performance comparison

The Board of Management forecasted an increase in revenue of approximately 10% for financial year 2020.

In financial year 2020, the Biotest Group generated revenue of € 484.2 million, compared to € 419.1 million the previous year. This equates to a 15.5 % increase in sales.

Despite the ongoing corona crisis, Biotest's sales in the Therapy segment developed very positively compared to the 10 % sales increase forecasted in 2019. This is a consequence of the growth that was achieved in key sales markets due to the positive development of sales of the main products immunoglobulins and albumin.

Operating result (EBIT) amounted to € -1.3 million in financial year 2020, compared to € -1.2 million the previous year. At the beginning of 2020, the Board of Management had forecast EBIT of € -10 million to € -5 million. Particularly as a result of the increased expenses for the additional new COVID-19 studies, the Board of Management had communicated over the course of 2020 that the result would be at the lower end of the expected range. The significant improvement was mainly due to higher revenue, lower administrative expenses and one-time other operating income in the fourth quarter.

The Company had forecasted a return on capital employed (ROCE) of around -1 % to -0.5 %. ROCE for financial year 2020 was -0.1 %, as EBIT exceeded the forecast figure.

[16] PPTA (2020, internal Biotest analysis).
[17] CMS.gov, IQVIA (Jan 2020).
[18] PPTA (2020).
[19] Insight Health (Aug 2020), IQVIA (Aug 2020), PPTA (2020).
[20] Insight Health (Aug 2020), IQVIA (Aug 2020).
[21] Biotest Market and Pricing Insights based on MRB (2017), Markets and Markets (2020).
[22] Biotest Market and Pricing Insights based on MRB (2019).
[23] Report on the Annual Global Survey 2019, World Federation of Hemophilia (2020).
[24] Biotest Market and Pricing Insights based on MRB (2019).
[25] Eurotransplant database, accessed on 19 November 2020.
[26] Organización Nacional De Transplantes Website accessed on 23 June 2020; NHS, www.organdonation.nhs.uk, accessed on 12 June 2020.

At the beginning of the financial year, cash flow from operating activities was forecasted to be between approximately € -50 million and € -45 million. At € -16.7 million, the forecast target was exceeded. This was mainly due to improved operating result and cash flow before changes in working capital.

The Biotest Group's core business (adjusted EBIT) is clearly positive at € 78.4 million.

in Millionen €	2020	2019
EBIT	**-1.3**	**-1.2**
Expenses for Biotest Next Level*	79.6	68.4
Expenses for monoclonal antibodies	0.1	1.4
Adjusted EBIT	**78.4**	**68.6**

* The costs for Biotest Next Level comprise, among others, the research and development cost for products that can be produced only at the new facility.

Other events in the course of business

The COVID-19 pandemic

The business performance in 2020 in the countries in which the Biotest Group operates was significantly impacted by the effects of the measures ordered by the governments to contain the COVID-19 pandemic. Detailed information on this matter is provided in a separate section of chapter A.I Business model of the Group, subchapter F. External factors influencing the business.

Virtual Annual General Meeting

At the 2020 Annual General Meeting, which was held as a virtual Annual General Meeting due to the prevailing COVID-19 pandemic, the shareholders of Biotest AG voted on 8 May 2020 to distribute a dividend of € 0.04 per preferred share. An amount of around € 0.8 million was thus distributed in total. All other proposed resolutions put to the vote were also adopted by the Annual General Meeting.

Personnel matters

The Supervisory Board of Biotest AG extended the appointment of Dr Michael Ramroth (Chairman of the Board of Management; Chief Financial Officer) by three years and the appointment of Dr Georg Floß (Chief Operations Officer) by two years.

On 4 January 2020, Ms Christine Kreidl, member of the Supervisory Board of Biotest AG, resigned from the Supervisory Board at her own request. On 12 February 2020, Ms Simone Fischer was appointed by court a new member of the Supervisory Board of Biotest AG and confirmed in office by the Annual General Meeting on 8 May 2020. Likewise, Mr Xiaoying (David) Gao was newly elected to the Supervisory Board of Biotest AG by the Annual General Meeting. Dr Cathrin Schleussner resigned from her office as a member of the Supervisory Board at the end of the 2020 Annual General Meeting.

Group business strategy and implementation in financial year 2020

Internationalisation

The Biotest Group achieved revenue growth in all regions. In particular, the regions of East and South Europe as well as the Middle East, Africa and France achieved double-digit growth.

In the past financial year, the Biotest Group opened up new countries through additional marketing authorisations and thus further strengthened its international orientation. In financial year 2020, Cytotect CP® Biotest, among other products, was approved in Great Britain, Poland and Hong Kong, and Fovepta® was approved in Oman.

In June 2020, Biotest recorded the first sales in Company history in China with human albumin. This marked the Company's entry into the world's largest market for human albumin, not only in terms of volume but also in terms of value, with a market size of around € 2.5 billion and more than 450 metric tonnes per year. Following the successful start, further deliveries of human albumin were made in the financial year.

Focus on the plasma business

With the Biotest Next Level project, the Company plans to expand its future product range and at the same time increase its profitability. Biotest is focusing its product expansion on the plasma protein business.

Partnerships

Already in 2018, Biotest entered into a cooperation to support the construction of a plasma fractionation plant in Turkey as a technology supplier. As part of the project, Biotest has agreed milestone payments and royalties with the partner. During project development, Biotest will receive payments for the transfer of know-how, training and ongoing consulting. Following completion, royalty payments from ongoing production are agreed.

In 2020, Biotest entered into an industry-wide collaboration as part of the CoVIg-19 Plasma Alliance with CSL Behring, LFB, Octapharma and Takeda, among other companies. The alliance is developing a polyclonal hyperimmunoglobulin drug against SARS-CoV-2 by testing plasma donations from donors who previously recovered from COVID-19 for antibodies to the virus. The donations with the most antibodies will be processed in a production pool to create a new hyperimmune globulin

against COVID-19. This drug could then be used therapeutically for COVID-19. Recruitment has been completed and 593 participants have been recruited.

In 2020, Biotest entered into a cooperation with a partner to contribute financially to the set-up of plasma centers in the future.

Research and development costs increased by 4.5% to € 55.8 million in 2020 (previous year: € 53.4 million). Of this amount, € 0.1 million is attributable to development projects with monoclonal antibodies.

OVERVIEW OF CLINICAL STUDIES

Type of study	Study number	Dosage/study design	Number of study participants	Status as of 31 December 2020
Therapeutic area Clinical Immunology				
Cytotest CP Biotest				
Phase III - PreCyssion study Cytomegalovirus (CMV) infection	997	Multiple dosing in pregnant women with primary CMV infection to prevent the unborn child form being infected	80 planned	In preparation
IgG Next Generation				
Phase III Primary immunodeficiency (PID)	991	Multiple dosing, 12-months treatment duration	67	Treatment of adults and children completed. The primary and secondary endpoints were met and the therapy was tolerated very well overall by all age groups
Phase III immune thrombocytopenia (ITP)	992	Multiple dosing	34	Study completed; the data shows the expected good effectiveness and a good safety profile for the product.
Therapeutic area Intensive Care Medicine				
Fibrinogen				
Phase I/III Congenital fibrinogen deficiency	984	Phase I: single dose to determine pharmacokinetics, Phase III: Dosage and frequency of treatment of acute bleeds in case of therapy customised to each patient	36	Study completed; The results confirm high expectations regarding efficacy and safety.
Phase III Acquired fibrinogen deficiency	995/ ADFIRST	Single dose in severe blood loss during planned spine surgery. Actively controlled, randomised study in comparison with fresh frozen plasma.	200 planed	Patient recruitment in progress
Trimodulin (IgM Concentrate)				
Phase III Severe community-acquired pneumonia	996	Multiple dosing, placebo-controlled	Depending on outcome of study 998	Coordination with U.S. Food and Drug Administration (FDA), EMA and the Paul Ehrlich Institute has taken place. Phase III study and paediatric development plan are in preparation.
Phase II (ESsCOVID) in case of severe COVID-19 infection	998	Multiple dosing, placebo-controlled	164 planned	Patient recruitment underway in Spain, France, Brazil and Russia

Marketing & distribution

2020 was marked by the global impact of the COVID-19 pandemic. The curfew in many countries had a negative effect on logistics, led to fewer outpatient hospital visits and resulted in a decline in surgeries and transplantations. Transplantation numbers are recovering slowly in some, but not all markets.

The renewed global increase in the number of corona infections is expected to negatively impact transplantation numbers similar to how it did in the spring. The general demand for the specialty products Pentaglobin and Cytotect CP® Biotest is growing despite the significant impact of the COVID-19 measures. Biotest's revenue in the Therapy segment developed very positively with a double-digit growth rate compared to 2019. This result is a consequence of growth in key sales markets due to the positive sales performance of the main products (IVIG, albumin).

Global demand for immunoglobulins remains high with stable world market prices. Record sales of immunoglobulins were achieved in Central Europe. Biotest recorded encouraging revenue growth in this area.

Furthermore, there were no interruptions in sales operations despite the working from home regulation and COVID-19 restrictions.

While all conferences since February 2020 had been cancelled or postponed until the summer due to the corona crisis, several events were held purely virtually for the first time in August and September. Among these were the ILC / EASL (European Association for the Study of the Liver), the EBMT (European Bone Marrow Transplantation) and the ISICEM (International Symposium on Intensive Care & Emergency Medicine), which are of high relevance for Specialty Products. Biotest was represented with a virtual booth at the first two congresses, and a Biotest-sponsored webinar with speakers on "Immunomodulation with IgM-enriched Immunoglobulins" took place at ISICEM. In addition, Biotest's marketing and sales activities continue to focus heavily on digital channels and alternative ways to engage with customers. Here, the focus will continue to be on the Biotest Group's specialty portfolio.

Since the third quarter of 2020, Biotest provides digital instructions for use for its preparations in Germany. It can be accessed online (https://gebrauchsinformation4-0.de/) and via app ("GI4.0®"). In case the drug package with the instructions for use is not at hand, users can obtain important information about their drug at any time and from anywhere by clicking on the app or on the Internet. This enables easier use for patients and healthcare professionals and ensures faster access to up-to-date safety-relevant information for users of Biotest products. In addition, the directions for use are made available on a daily basis. The texts are published digitally immediately after official approval. They are thus available much faster than through the physical distribution of drug packages on the market.

Therapeutic area Clinical immunology

The general demand for Biotest's hyperimmunoglobulins, in particular for Cytotect® CP Biotest, was temporarily slightly below expectations. Fortunately, good market growth was recorded for Cytotect® CP Biotest in particular, both in Europe (e.g. in Spain, France, Greece, Austria) and internationally (e.g. in Russia, Taiwan). In addition, Cytotect® CP Biotest received marketing authorisation in Poland and Great Britain. The related reimbursement negotiations in Great Britain are at an advanced stage, but have been delayed by COVID-19.

A study conducted in Italian liver transplantation centres and published in the journal "Health and Quality of Life Outcomes" also confirmed that the Biotest preparation Zutectra® provides users with improved quality of life compared to other dosage forms. Zutectra® is a hepatitis B immunoglobulin preparation for administration by patients at home. With Zutectra®, a significant improvement has been achieved in terms of side effects, pain, physical and emotional impairment, and social interaction opportunities, among other benefits. The drug also offers a home therapy option for high-risk patients undergoing liver transplantation for hepatitis B in times of the COVID-19 pandemic.

Biotest won a 1-year tender (2020-2021) in Saudi Arabia for Hepatect CP® valued at USD 2.3 million.

Therapeutic area Intensive Care Medicine

In June 2020, Biotest recorded the first sales in Company history in China with human albumin. This marked Biotest's entry into the world's largest market for human albumin, not only in terms of volume (more than 450 tonnes per year), but also in terms of value, with a market size of around € 2.5 billion. Following the successful launch, strong growth continued with high acceptance of the product in the Chinese market.

Demand for pentaglobin remains at a high level. The double-digit growth compared to the same period last year was partly due to use in COVID-19 patients. Record sales were achieved in Italy and Vietnam. Strong growth was achieved in Turkey.

Therapeutic area haematology

In a very challenging market environment, Haemoctin® SDH performed very well in our main markets and reached record levels in Central Europe.

First sales of Haemoctin® SDH were achieved in Kenya. Preparations are also underway for the launch of Haemoctin® 500 and 1000 with reduced volume in various countries in Europe and Africa (including Italy and Algeria). The launch of Haemoctin® 1000 IU in Iran has also been implemented. In addition, further life-cycle activities for Haemoctin® SDH are being initiated in Germany and Switzerland, and the launch of a new

online concept for medical education in hemophilia also supports the hematology indication area.

Plasma & Services

With toll manufacturing within the Plasma & Services segment, Biotest optimally utilized the existing plasma production capacities in the financial year 2020. Revenue increased by € 7.2 million compared to the previous year.

IV. PRESENTATION OF EARNINGS, ASSET AND FINANCIAL POSITION

A. EARNINGS POSITION

In financial year 2020, the Biotest Group achieved revenue of € 484.2 million. This is an increase of 15.5 % compared to the previous year, in which revenue of € 419.1 million was reported.

The 15.8 % (€ 58.6 million) increase in sales in the Therapy segment resulted from both higher volumes and higher selling prices for important products such as Intratect® and Humanalbumin®. The entry into the Chinese market had a positive impact in the amount of € 19.6 million on sales in the reporting year. Significantly higher toll manufacturing contributed to the 18.2 % (€ 7.2 million) sales growth in the Plasma & Services segment.

DEVELOPMENT OF REVENUE BY SEGMENTS

in € million	**2020**	2019	Change in %
Therapy	430.5	371.9	15.8%
Plasma & Services	46.7	39.5	18.3%
Other Segments	7.0	7.7	-9.2%
Biotest Group	**484.2**	**419.1**	**15.5%**

The Biotest Group is a globally active company. In financial year 2020, 73.9 % (previous year: 72.0 %) of sales were generated outside Germany. Biotest reports in the four sales regions "Central Europe," "East and South Europe," "Intercontinental" and "Middle East, Africa and France." The Biotest Group achieved sales growth in all regions. In particular, the regions East and South Europe as well as Middle East, Africa and France showed significant growth of +36.7 % and +40.0 %, respectively. At € 174.9 million, the Central Europe region including Germany made the largest contribution to sales, as in the previous year.

DEVELOPMENT OF REVENUE BY REGIONS

in € million	**2020**	2019	Change in %
Central Europe	174.9	173.5	0.8%
East and South Europe	116.5	85.2	36.7%
Intercontinental	83.9	82.6	1.6%
Middle East, Africa and France	109.0	77.8	40.1%
Biotest Group	**484.2**	**419.1**	**15.5%**

Cost of sales increased by 22.0 % from € 290.3 million to € 354.1 million in financial year 2020. The increase was primarily due to the higher business volume evident in the sales growth, increased plasma prices as well as expenses related to the ramp-up phase of the new Biotest Next Level production facility.

Marketing and distribution costs increased by 1.2 % in 2020 compared to the previous year and thus developed at a significantly lower rate than revenue growth. They amounted to € 50.2 million in financial year 2020 (previous year: € 49.6 million). The decrease was mainly due to lower expenses for travel and conferences as a result of the restrictions in connection with COVID-19. The share of sales decreased by 1.4 percentage points from 11.8 % in 2019 to 10.4 % in financial year 2020.

PRIMARY P&L ITEMS OF THE BIOTEST GROUP**

in € million	**2020**	**in % of sales**	2019*	in % of sales
Cost of sales	–354.1	73.1	–290.3	69.3
Marketing and distribution costs	–50.2	10.4	–49.6	11.8
Administrative expenses	–28.2	5.8	–31.3	7.5
Research and development costs	–55.8	11.5	–53.4	12.8
Other operating income and expenses	2.8	0.6	4.4	1.0
Financial result	–28.2	5.8	–0.2	0.0

* Adjusted

** Expenses are marked with a negative sign.

Administrative expenses decreased by 9.8 % from € 31.3 million to € 28.2 million in financial year 2020. Accordingly, the administrative expense ratio as a percentage of sales fell to 5.8% in financial year 2020, compared to 7.5% the previous year. Lower consulting costs were the main reason for the decline in administrative expenses.

Research and development costs increased by 4.5 % to € 55.8 million in financial year 2020 (previous year: € 53.4 million). As

a percentage of sales, they amounted to 11.5 % in the past financial year (previous year: 12.8 %). The higher expenses compared to the previous year are attributable to the Phase II clinical trial for the treatment of patients with severe COVID-19 pneumonia with trimodulin and expenses for the development of SARS-CoV-2 hyperimmunoglobulin.

Other operating expenses fell from € 9.1 million in financial year 2019 to € 5.8 million in financial year 2020. In the same period of the previous year, this included the amortisation of a distribution licence in the amount of € 2.6 million. At € 8.6 million, other operating income in 2020 was significantly below the previous year's level (previous year: € 13.5 million). These include non-recurring other income from a prematurely repaid, partially already impaired loan in the amount of € 4.7 million as well as additions to valuation allowances in the amount of € -4.8 million in the item "Changes in valuation allowance on financial assets measured at amortised cost." In addition, Biotest AG received a payment of € 5.0 million from an out-of-court settlement with a former supplier. The main reason for the decrease is income from insurance compensation in the amount of € 10.5 million, which was recorded here in the same period of the previous year.

EBIT for financial year 2020 amounted to € -1.3 million, compared to € -1.2 million in the same period of the previous year. The EBIT margin for 2020 was therefore -0.3 %, as in the previous financial year.

The financial result deteriorated to € -28.2 million in financial year 2020, compared to € -0.2 million the previous year. The main reason for this was higher interest expenses due to the drawing of a further loan tranche as well as expenses from value adjustments of the surrender claim against the trustee of shares in ADMA Biologics Inc. in the amount of € 7.0 million, which contributed financial income of € 12.8 million to the result in the previous year.

For the Biotest Group, this resulted in earnings before taxes (EBT) of € -30.0 million, compared to € -1.3 million in the same period of the previous year.

Compared to the previous year, tax expenses for financial year 2020 decreased by € 1.4 million (same period of the previous year: € 3.4 million). The Biotest Group's earnings after taxes for financial year 2020 were € -31.4 million compared to € -4.7 million in 2019, resulting in earnings per ordinary share of € -0.80 compared to € -0.13 in the previous year.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	**2020**	2019	Change in %
EBIT	–1.3	–1.2	16.8%
EBT	–30.0	–1.3	>100%
EAT	–31.4	–4.7	>100%

B. ASSET POSITION

Total assets as of the reporting date of 31 December 2020 increased by € 22.9 million compared to 31 December 2019, from € 1,108.4 million to € 1,131.3 million.

Non-current assets decreased by € -10.5 million to € 575.0 million, compared to € 585.6 million as of the reporting date of the previous year. This is attributable to the decrease in other assets and other financial assets. The decrease in other assets reflects the amortisation of deferred financing costs and the reclassification due to a change in maturity. The development of other financial assets was influenced by the early repayment of a loan to a third party. At € 522.2 million, property, plant and equipment was slightly up on the previous year's figure of € 521.9 million.

Current assets amounted to € 556.3 million as of 31 December 2020, up € 33.5 million on the figure of € 522.8 million as of 31 December 2019. The reason for the increase in inventories from € 280.1 million to € 290.1 million as of 31 December 2020 is the securing of sales planned for the coming months. The 7.4 % increase in trade receivables from € 107.7 million to € 115.8 million as of 31 December 2020 is in line with the 15.5 % increase in revenue. Contract assets increased from € 38.1 million to € 46.3 million, whereas other financial assets decreased from € 25.4 million to € 19.3 million due to the fair value measurement of the surrender claim against the trustee from the underlying shares in ADMA Biologics Inc, USA, as of the reporting date.

At € 71.3 million, cash and cash equivalents were above the previous year's level (31 December 2019: € 60.8 million).

On the liabilities side of the balance sheet, equity fell by € 35.3 million to € 441.6 million (31 December 2019: € 476.9 million) due to the negative result for the period. At 39.0 %, the equity ratio was below the level of the previous year, but still remained at a solid level (31 December 2019: 43.0 %).

The total liabilities increased by € 58.2 million to € 689.7 million in the past financial year (31 December 2019: € 631.5 million). Non-current liabilities amounted to € 584.1 million as of the reporting date of 31 December 2020 (31 December 2019: € 516.5 million). Non-current financial liabilities increased by € 59.7 million from € 402.9 million to € 462.5 million as of 31 December 2020. This increase is mainly due to the utilisation of a further tranche of a collateralised loan already concluded in the previous year for a total volume of € 240.0 million maturing in 2024. Pension provisions amounted to € 117.5 million as of 31 December 2020, compared to € 109.5 million as of the previous year's balance sheet date. Actuarial losses due to the reduction in the discount rate were the main reason for the increase.

Current liabilities decreased from € 115.0 million to € 105.6 million. This was mainly due to the decrease in trade payables from € 52.2 million to € 42.0 million.

The long-term capital available to the Company (equity, pension provisions and non-current financial liabilities) covered 90.4 % of total assets as of 31 December 2020 (previous year: 89.4 %). Net debt increased from € 348.7 million to € 397.9 million as of 31 December 2020.

C. FINANCIAL POSITION

On 24 June 2019, Biotest signed a financing agreement with a term of 5 years for a volume of € 240 million. This finances the further steps towards the commissioning of the Biotest Next Level facilities. The closing of the financing agreement took place on 2 July 2019. A total of € 100 million had been drawn down under this by 31 December 2020. This financing agreement includes a financial covenant to be complied with, which is monitored monthly by Biotest. Restrictions exist in particular with regard to the disposal and collateralisation of assets.

As collateral, the Biotest Group has arranged a first-rank land charge in the total amount of € 240 million on the real estate located in Dreieich. At the balance sheet date, the real estate collateralised by the Biotest Group had a carrying amount of € 209.8 million.

Furthermore, Biotest AG has completely pledged its shares in Biotest Pharma GmbH, Dreieich.

In addition, a global assignment in respect of current and future cash pooling receivables was agreed in a separate contract dated 28 June 2019. This affects receivables from affiliated companies in the amount of € 25.6 million as of the balance sheet date.

Biotest Pharma GmbH, Dreieich, and Biotest Grundstücksverwaltungs GmbH, Dreieich, joined the financing agreement as further guarantors.

Operating cash flow before changes in working capital amounted to € 24.6 million (previous year: € 31.5 million). The main reason for the decline in comparison to the previous year was the reduction of earnings before taxes by € 28.7 million and reversal of impairment of financial assets in amount of € 4.7 million. These effects were partially offset by the decline in the financial result by € 28.0 million. Cash flow from changes in working capital improved compared to the previous year to € -32.7 million after € -59.3 million in the previous year. In particular, the increase in inventories of € 10.1 million as of the reporting date was significantly lower than the previous year's figure of € 71.8 million. Interest and taxes paid totalled €-8.6 million in 2020, compared to €-5.8 million the previous year. Consequently, the cash flow from operating activities improved from € -33.6 million in the previous year to € -16.7 million in financial year 2020.

Cash flow from investing activities amounted to € -14.6 million for financial year 2020 (previous year: € -8.0 million). In the previous year, this figure included payments received from the surrender claim against the trustee from the sale of shares in ADMA Biologics Inc., USA which was reduced by a partial sale. This effect was partially offset in financial year 2020 by the repayment of the loan issued to third parties.

Cash flow from financing activities amounted to € 42.0 million in financial year 2020 (previous year: € 40.5 million), mainly caused by the drawing of a further tranche of € 50 million under the existing financing agreement.

Cash and cash equivalents increased to € 71.3 million at the end of financial year 2020, compared to € 60.8 million on 31 December 2019.

Financing strategy

The Biotest Group's financing strategy is geared towards ensuring the Group's liquidity at all times, having scope for financing growth in the operating business and having financed all investments. Biotest uses equity and debt capital for financing and strives for a solid and conservative financing structure. The target for the equity ratio is 40.0 %. With an equity ratio of 39.0 % as of 31 December 2020, Biotest is slightly below this target value. Biotest is financed by a subordinated shareholder loan of € 290 million and by a financing of a volume of € 240 million, which was drawn at € 100 million as of 31 December 2020.

The equity capital and the long-term component of the debt financing together are intended to cover the fixed assets. The description of the capital structure can be found in chapters E 12 and F 6 of the notes.

V. GENERAL STATEMENT ON THE ECONOMIC POSITION OF THE COMPANY

The Biotest Group exceeded its revenue and EBIT forecasts for financial year 2020.

For financial year 2020, the Board of Management forecast an increase in revenue of 10 %.

In financial year 2020, the Biotest Group generated revenue of € 484.2 million, compared to € 419.1 million the previous year. This equates to a 15.5 % increase in revenue.

EBIT amounted to € -1.3 million in financial year 2020 after € -1.2 million the previous year. At the beginning of 2020, the Board of Management had forecasted EBIT of € -10 million to € -5 million. Particularly as a result of the increased expenses for the additional new COVID-19 studies, the Board of Management had communicated over the course of 2020 that the result would be at the lower end of the expected range. The significant improvement is mainly due to higher revenue, lower administrative costs and one-off other operating income in the fourth quarter.

In addition, the Company made significant progress on the important Biotest Next Level project last year. The second approval inspection by the Darmstadt Regional Council took place in mid-June 2020. Here, the validation of the process equipment and the in-process control laboratories was approved. Despite a few bottlenecks in personnel and materials due to the corona crisis, the commissioning of the Biotest Next Level production plant is progressing. Another approval inspection was carried out by the Regional Council in October 2020. The manufacturing license in accordance with Section 13 of the German Medicinal Products Act (AMG) is to be obtained in the second quarter of 2021.

Due to the Corona pandemic, no new plasma centres were opened in financial year 2020. The opening of further plasma centres is planned for 2021 in order to further expand the plasma collection network in Europe. By this, the Biotest Group ensures a sufficient supply of the important raw material – human blood plasma – for the future.

With Creat, Biotest has a strong partner at its side who will continue to support the significant investments in products and facilities over the next few years. Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, granted Biotest subordinated shareholder loans of € 290.0 million in 2018. In 2019, Biotest signed a financing agreement with a term of 5 years for a volume of € 240 million. In this context, the term of the shareholder loans was extended until January 2025. These funds are thus available to Biotest AG on a long-term basis. This means that the further steps towards the commissioning of the Biotest Next Level facilities in the next few years are financed.

C. SUPPLEMENTARY REPORT

In February 2021, Biotest became the first plasma protein manufacturer in Germany to conclude production of the first batch of hyperimmunoglobulin preparation against COVID-19 based on hyperimmune plasma from patients who have recovered from it. Biotest is working as part of the CoVIg-19 Plasma Alliance, a cross-industry consortium of the world's leading plasma companies working together on a new drug against COVID-19, which includes the collection, development, production and distribution of plasma and plasma products.

Biotest contributes financially to the set-up of further plasma centers with partners. In January 2021, a contract was signed to support the set-up of four plasma collection centers.

No other significant events occurred after the end of the financial year 2020.

D. OUTLOOK, RISK AND OPPORTUNITIES REPORT

I. OUTLOOK REPORT

A. GENERAL STATEMENT BY THE BOARD OF MANAGEMENT REGARDING GROUP PERFORMANCE

The Board of Management assumes a positive performance for the current 2021 financial year. The demand for plasma-derived products is growing continuously throughout the world, but since Biotest is already fully utilising manufacturing capacities, large increases in revenue are not to be expected until the commissioning of the new Biotest Next Level facilities. Only in the area of hyperimmunoglobulins marketing authorisations in new markets could further increase revenue. Nevertheless, this revenue growth could be jeopardised in 2021 by the increasing cost pressure in the healthcare sector of highly developed markets, by the continuing tense situation in the crisis regions of the world and by the impact of the COVID 19 pandemic.

With the continuation of the research and development work and the further progress made in expanding production capacity at the Group headquarters in Dreieich, the essential foundation for the future development of the Group will be laid in 2021 as well. However, the ramp-up costs associated with the investments as well as the rising expenditures for phase III studies for the new Biotest Next Level products will still burden the result significantly so that the Biotest Group will presumably have to report an operating loss in 2021.

B. DIRECTION OF THE GROUP IN FINANCIAL YEAR 2021

The general direction of the Biotest Group in financial year 2021 will not change. Biotest will focus on the plasma business and the Biotest Next Level expansion project already started as a central component of this strategy. Biotest Next Level aims to expand the product range, double capacity and considerably increase profitability through higher yields. Furthermore, Biotest aims to enter into strategic alliances in

select areas and specific business fields with suitable cooperation partners.

C. DEVELOPMENT OF THE MARKET ENVIRONMENT

Target markets

According to current studies, the global demand for immunoglobulins (IgG) will continue to increase by 7 to 8% annually in the coming years.[27] The prices of these preparations have stabilised following the tense global supply situation in 2020.[28]

The global market for plasmatic Factor VIII preparations is expected to develop by -5% to 1% p.a. by 2024.[29]

D. EXPECTED DEVELOPMENT OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

For financial year 2021, the Board of Management expects revenue growth in the mid-single-digit percentage range. Earnings in 2021 will be influenced by various factors. Besides the expected expenses of € 75 million to € 85 million from the Biotest Next Level expansion project, including the associated research and development costs, the tense situation in the crisis regions, particularly in the Middle East and Asia, as well as the global impact of the COVID-19 pandemic, could also have an impact. Based on the aforementioned factors, the Board of Management expects EBIT to be between € -5 million and € -10 million. As a result, the Board of Management expects a return on capital employed (ROCE) of around –1 % to –0.5 % and cash flow from operating activities of around € –45 million to € –50 million for 2021. For EBIT adjusted for the impact on earnings of the Biotest Next Level project, the Board of Management anticipates an amount between € 65 million to € 80 million.

Expected financial position and cash flows of the Biotest Group

The Biotest Group strives for a balanced financing structure with regard to the ratio of both debt to equity capital and from short-term to long-term loan financing. A large share of the cash and cash equivalents received in recent years has been used by the Group for the Biotest Next Level project and it will continue to do so to finance the expansion of capacity at the Dreieich site and to ensure the supply of raw materials with plasma. Furthermore, the increase in current assets required for the revenue growth must be financed. Investments by the Biotest Group with a volume of around € 25 million to € 30 million are planned for financial year 2021, of which around a third will be used for further investments in the expansion of existing and new plasma centres in Europe. Furthermore, Biotest contributes financially to the set-up of plasma centers with partners. In addition to the organic growth described above and the financing thereof, partnerships could represent a future strategic option.

Financing in 2020 was essentially through shareholder loans and the financing concluded on 24 June 2019. These essential sources of funding, which are available to Biotest AG in the long term, can secure the financing needs arising from the Biotest Next Level project and other activities.

The forecast for the financial year 2021 was prepared on the assumption that the spread of the coronavirus will not have any significant negative impact on Biotest's business performance. However, the high level of uncertainty currently prevailing with regard to the further spread of the coronavirus or its mutations and possible economic consequences limits the certainty of the planning assumptions.

Expected developments in the segments

Therapy segment

The following significant advances and developments are expected in the Therapy segment in the current financial year 2021:

Therapeutic area Haematology

Haemoctin® SDH: The reduced volume of the Haemoctin® 500 and Haemoctin® 1000 International Units (I.E.) is expected to be launched in further countries in 2021. In a declining market, Biotest aims to stabilise the product volume, particularly by focusing on the German market, Turkey and the Middle East.

Haemonine®: Also with this product, Biotest is focusing on maintaining its position in the main markets in an declining market environment and preparing the launch in Turkey.

Vihuma®: Biotest will continue to use Vihuma® in 2021 to pursue its full-range strategy as well as to maintain its market position.

[27] Biotest Market and Pricing Insights based on MRB (2018, 2019), Plasma Protein Therapeutics Association (PPTA) (2020), Markets and Markets (2020), Allied Market Research (2018).

[28] IQVIA (Nov 2020), www.cms.gov.

[29] Biotest Market and Pricing Insights based on MRB (2019).

Therapeutic area Clinical Immunology

Bone marrow transplants and selected areas of solid organ transplantation in all EU countries, including the UK, will be the main focus for Cytotect® CP Biotest in 2021. In addition, further marketing authorisations are planned both in and outside Europe.

Intratect® 50 g/l (5%) and Intratect® 100g/l (10%): The product is being marketed successfully in numerous European countries as well as Asia and other regions.

Market launch began after regulatory approval of Intratect® in Turkey. To strengthen Intratect®'s position, many of the future activities will focus on the growth areas of secondary immunodeficiencies (SIDs) and neurological diseases such as chronic inflammatory demyelinating polyneuropathy (CIDP) and multifocal motor neuropathy (MMN). Biotest expects significant growth, particularly in Europe.

IgG Next Generation: The two pivotal studies for IgG Next Generation were completed in 2019 and 2020. In 2021 preparations will be made for the approval of the product from the new Biotest Next Level production facility in 2021.

Hepatect® CP, Zutectra® and Fovepta®: Biotest is the market leader for hepatitis B immunoglobulins.

The strategy is to maintain market share in the overall declining market segment (post-transplant prophylaxis), to enter new markets and to develop other applications and indications (beyond the transplantation strategy). In the vertical transmission prevention segment, the focus is on the launch of Fovepta® in new countries. The market launch of Fovepta® is planned in Bangladesh, Pakistan, Saudi Arabia, Turkey and Vietnam after the respective approvals have been obtained there. Other countries are not planned until after 2021. In addition, Fovepta® will continue to be successfully marketed in other Asian and African countries as well as Saudi Arabia.

Therapeutic area Intensive Care Medicine

Albiomin®: Biotest is continuing its new communication strategy with the aim of further expanding its own positioning in the higher price segment. The Company will strive to further penetrate the Chinese market and focus on the premium segment.

Biotest human serum albumin: Biotest successfully strengthened its activities in the area of the use of albumin in the industrial sector in 2020. This new market segment is also to be expanded in the future, especially through cooperation with international partners.

Pentaglobin®: The development of Pentaglobin® will be advanced through various collaborations in 2021. The focus will be on COVID-19 patients with bacterial co-infections, where Pentaglobin® has shown the potential to reduce mortality and the length of the stay in the ICU (Intensive Care Unit) and the hospital. In addition, Biotest will leverage its experience with COVID-19 to expand the segment of severe community-acquired pneumonia.

Fibrinogen® – congenital fibrinogen deficiency: The phase I/III study (no. 984) was completed in 2020.

Fibrinogen® – acquired fibrinogen deficiency due to high blood loss: Recruitment of patients with high blood loss from major surgery is currently underway for the phase III study (No. 995; ADFIRST) in the therapeutic area of acquired fibrinogen deficiency. The first patients with acquired fibrinogen deficiency were treated. The study was expanded in 2020 to include patients with high blood loss during surgery for abdominal tumor disease. Inclusion and treatment of patients will continue in 2021.

Trimodulin (IgM Concentrate): After Biotest had presented the data of the phase II study with Trimodulin (IgM Concentrate) in the indication severe community pneumonia (sCAP) as well as the further clinical development concept to the responsible authorities in recent years, these authorities have approved the further procedure and support the planned phase III study.

Due to the high similarity of the clinical picture to the patients treated in the phase II CIGMA study, Biotest sees significant potential for Trimodulin also in patients with severe pneumonia caused by COVID-19 infection. A phase II study (ESsCOVID – Escape from severe COVID-19) has been initiated in COVID-19 patients to accelerate the development of Trimodulin in light of the current COVID-19 pandemic. Plans for accelerated development have been discussed with the regulatory authorities in Europe. The study design has been submitted to the relevant authorities and ethics committees in Spain, Brazil, Russia and France and has been approved. Patient recruitment started in October 2020 and will be continued in 2021.

At the same time, Biotest is expanding its planned phase III study in sCAP to include COVID-19 patients.

As part of Biotest's participation in the CoVIg-19 Plasma Alliance together with other pharmaceutical manufacturers of plasma preparations, Biotest has produced a new hyperimmunoglobulin from the plasma of donors with antibodies against the new coronavirus. In 2021, it is planned to seek approval for the new preparation in Europe as part of the alliance's development activities and to be able to make it available for treatment in humans, at first free of charge.

Plasma & Services segment

The company's strategy in the Plasma & Services segment is to optimize the utilisation of the existing plasma production capacities, including toll manufacturing activities. Due to the constant high demand for Biotest products and the planned significant increase in production capacity as part of Biotest Next Level, it is expected that in 2021 contract manufacturing will remain at about the same level as in 2020.

II. RISK REPORT

As a global Group in a highly advanced field of technology, Biotest is subject to a variety of risk factors that could negatively impact business activities and therefore result in negative forecast and target variances. When and where risks resulting from its business activities or external factors will materialise cannot always be predicted and could be partially or completely outside the control of Biotest. Revenue and profits, along with the Group's financial position and cash flows, may be negatively affected. The risk report describes the known risks to which Biotest is exposed, both as a Group and at the segment level. At the same time, it explains how the Group deals with these risks and how they are controlled and managed. An assessment by the Board of Management of the likelihood that any of the individual risks described will materialise can be found below.

A. RISK STRATEGY

As defined by the Board of Management and Supervisory Board in their joint risk strategy report, the Company may take controlled risks in order to generate prospects for long-term profitable growth. The risk strategy is aimed at ensuring the Biotest Group's continued existence and enhancing its value sustainably and systematically. This is also reflected in the forecasts of the Board of Management that are based on the neutral occurrence of the risk events mentioned below.

B. RISK MANAGEMENT AND CONTROLLING

Biotest systematically records and evaluates short- and long-term risks. All risks with fundamental implications and a reasonable likelihood of arising are closely monitored to the extent possible. The IT-supported risk management system of the Company fulfils the requirements of the risk management under stock corporation law. Risk management processes are documented in detail, and the relevant documents are stored in the risk management system.

The goal of the implemented risk management system is to identify and evaluate risks that could negatively impact the compliance of the consolidated financial statements with the rules. Furthermore, any risks identified are reduced to the extent possible by involving external experts, if necessary. Lastly, the risk management system is used to evaluate the impact of identified risks on the consolidated financial statements and to map these risks.

Major potential risks are elements of monthly internal reports. In addition, every six months, the Risk Management Committee reviews the current risk situation in all segments and drafts a detailed risk report, which is submitted to the Board of Management and to senior management. This includes the medium and long-term risks as well as the following short-term risk areas: Market risks, process and production risks, financial risks, employee risks, organisational risks, research and development risks as well as legal and compliance. The principal risks are discussed regularly with the Supervisory Board and the Audit Committee.

In the period between meetings of the Risk Management Committee, managers brief the Board of Management at regularly held Board meetings on the current risk situation in their respective areas of responsibility. At the same time, the Board of Management is informed of the current risk situation as part of forecasts on how the year will end. In the event of a sudden change in the risk position, the Board of Management is notified immediately and directly.

The Internal Audit department regularly reviews risk management and controlling standards and procedures for appropriateness and efficacy. The last audit took place in the first half of 2018. The next audit is scheduled for 2021.

Biotest has concluded insurance policies to limit the financial consequences of liability risks and material damage to plant and machinery. The level of protection afforded by the insurance is reviewed regularly and adjusted where necessary.

C. INTERNAL CONTROL SYSTEMS FOR ACCOUNTING PROCESSES

Biotest has implemented an accounting-related internal control system that covers all main business processes at Biotest AG and all of its subsidiaries. The aim of the accounting-related internal control system is to ensure with adequate certainty through a series of checks that, despite any risks identified, the consolidated financial statements are prepared in accordance with applicable accounting standards and policies. The relevant guidelines are summarised in an organisational manual to which all employees have access.

Biotest AG's IFRS-compliant (International Financial Reporting Standards) accounting manual is binding for all Group companies and covers all accounting standards relevant to Biotest. It is continuously updated to reflect any changes to the IFRSs. All managers in charge of financial accounting are continuously informed of and trained in relevant accounting practices.

The accounting and reporting at Biotest AG and all subsidiaries included in the consolidated financial statements are performed in accordance with strict schedules and procedures, in which all the necessary activities are set forth in detail.

Single-entity financial statements of important Group companies and consolidated financial statements are prepared using SAP systems. Internal control processes have been established in each Group company through organisational procedures and clear responsibilities, including separation of duties through the dual control principle.

Companies enter data for the consolidated financial statements into a standardised, detailed reporting system, the content of which is agreed upon on a monthly basis by the departments responsible for finance and controlling. All reporting packages of the Group companies are subjected to the controls established in the consolidation software SAP BPC, any differences in consolidation processes are analysed and, if necessary, corrected.

Measures undertaken in the preparation of the consolidated financial statements are subject to electronic and manual checks. Further checks at the consolidated financial statement level include target/performance comparisons and analyses of changes in items on the consolidated statement of financial position and consolidated statement of income.

Access to the company premises (access control) and the (accounting-related) IT systems (access authorizations, passwords) are protected against access by unauthorised persons.

The single-entity and consolidated financial statements are audited by external auditors.

The Internal Audit department reviews business processes in all segments and subsidiaries. Its powers, duties and position within the Group are established in the internal audit guidelines. Audits are conducted in accordance with an annual internal audit plan established by the Board of Management, the management team and the Supervisory Board's Audit Committee. Individual audit findings are submitted to the Board of Management in a timely manner. The internal audit department also reports in detail to the Board of Management, the management team and the Supervisory Board at least once a year.

D. RISK MANAGEMENT SYSTEM FOR FINANCIAL INSTRUMENTS

In areas where it is possible, Biotest uses derivative financial instruments to hedge currency and interest rate positions. The corresponding contracts are concluded taking due account of the defined risk limits. Section F 4 of the Notes to the consolidated financial statements contains a detailed description of the risk management system with regard to financial instruments.

E. RISK ASSESSMENT AND DESCRIPTION OF SIGNIFICANT RISK CATEGORIES

The material risks known to the Biotest Group are described below together with an assessment of the respective risks by the Board of Management. However, Biotest could be exposed to additional risks and uncertainties that are still unknown or which are currently considered minor. These risks could also have an adverse effect on the asset position, financial position, cash flows and results of operations of the Biotest Group. Unless otherwise stated, the risks listed hereinafter relate to all segments of the Biotest Group. The order in which the risks below are listed is in no way indicative of the probability of their occurrence.

Biotest distinguishes between short-term risks, the occurrence of which would lead to a deviation from the planning for the current and following financial years, and long-term risks. While long-term risks are prioritised on the basis of an assessment using a graduated scoring model linked to the amount of loss, short-term risks are assessed by multiplying the possible negative impact on the net assets, financial position and results of operations by their estimated probability of occurrence. Regarding the probability of occurrence of short-term risks, the following classifications are differentiated:

PROBABILITY OF OCCURRENCE

Probability of occurrence	Explanation
< 25 %	Low
25 – 50 %	Moderate
50 – 75 %	High
> 75 %	Very High

For the short-term risks, the combination of the probability of occurrence and the financial effects on Biotest's Earnings after Tax (EAT) leads to the risk matrix listed below, which presents the derivation of the risk assessment.

	Probability of occurrence			
Amount of damage	Low	Moderate	High	Very High
> € 5 million	M	H	H	H
€ 2.5 to 5 million	M	M	H	H
€ 1.0 to 2.5 million	G	M	M	H
< € 1.0 million	G	G	M	M

H = high risk, M = moderate risk, L = low risk

Insofar as risk-limiting measures have been taken, the remaining risk is presented by taking the measures implemented or initiated and most likely to be implemented in the respective forecast period into account.

Environmental and industry risks

Economic risks

Biotest would not be able to permanently escape the consequences of a far-reaching, long-lasting, global recession, even if its direct effects were limited. The risk of a downturn in sales could result from lower demand and rising pressure from customers to reduce prices. Another potentially dampening effect is the possibility that Biotest will be forced to reduce or discontinue supplies to individual markets. This could be the case if the Company is unable to adequately hedge against default on corresponding receivables or is able to do so only at much less favourable terms. If a country's overall economic position deteriorates to such an extent that serious consequences for its solvency and its health care system are feared, Biotest could be forced to discontinue deliveries to such countries in order to reduce risk. The Board of Management assesses this risk as having a moderate probability of occurrence and moderate negative effect on the result of operations, financial position and cash flows; therefore, Biotest classifies economic factors as a moderate risk.

Sales market risks

Sales market risks consist of risks associated with price, quantity, substitution and payment default. The Biotest Group is reducing the risk of short-term fluctuations in sales volumes and prices by expanding into additional international markets and establishing longer-term supply agreements. Nevertheless, the risk remains that the volume of sales could be lower than planned, especially in the case of individual tendered contracts in the Therapy segment.

The highest commercial risks are associated with COVID-19. These include project delays, a major reduction in promotional activities and a significant reduction in transplantation numbers. The resulting risk is classified as high.

Based on the price trend of the past few years, the risk of significant price decreases for plasma proteins has not increased. On the one hand, there is a significant increase in demand for polyvalent immunoglobulins, both in the USA, in Europe and in some non-European countries, with a simultaneous limited supply resulting in price increases in numerous countries. On the other hand, Biotest expects albumin prices to come under pressure in the long term due to oversupply in the markets.

Unpredictable political, economic and regulatory changes in some of the Company's main markets (e.g., in Asia and the Middle East) could have a strong effect on sales.

Biotest sees risks from increasing cost pressure in the healthcare sector of highly developed markets. The reason for these risks is that states are increasingly adopting corrective measures to reduce the cost of medicines. Examples of this are manufacturer discounts and price moratoria in Germany and Austria as well as mandatory discounts in other European countries. Due to the limited product range and the scarce supply of goods, however, some countries have recently eased these compulsory measures for immunoglobulins administered intravenously (IVIG) again. As a further corrective measure, governments try to reduce prices in their own countries by referring to countries with lower prices (so-called price baskets).

Especially in the area of coagulation factors, and thus also for plasmatic factors, there is currently increasing price pressure from the healthcare systems. Overall, the Board of Management of Biotest AG classifies this associated risk as moderate.

According to the observations of the Biotest Group, the demand for plasmatic coagulation factors is increasing less than for recombinant factors and for the so-called non-factor preparations (e.g. emicizumab [Hemlibra] or Elocta). In some cases, these can be used at longer intervals and thus more conveniently. Therefore, the use of non-factor preparations is expected to increase further in the years to come.

Furthermore, the mandatory requirement for coagulation factor preparations has been introduced in Germany in 2020. This should result in further price pressure for clotting factor products.

There is also a risk that Biotest products based on immunoglobulins and hyperimmunoglobulins will be replaced in the longer term by alternative therapies such as gene therapeutics. The Board of Management currently considers these substitution risks to be manageable and thus a low risk.

In competition with other larger plasma manufacturers, the cost structure of the Biotest Group could result in disadvantages with regard to the margins achievable on the sales markets.

Default risk continues to be high due to the lower credit standing of companies and governments in some regions. Biotest has set up an active receivables management system and takes the necessary measures to minimise risks such as a delivery stop, for example. Furthermore, credit insurance exists for many countries and customers. The Board of Management classifies the default risk of receivables from customers in countries subject to sanctions by the European Union as a high risk (previous year: moderate risk).

Political changes in the legal framework can also harbour a sales market risk: In many European countries, maximum limits for the consumption of medicinal products were set. Pharmaceutical companies are thereby required to reimburse the health authority 100% of the amount sold above the specified ceiling.

Entry into a market is associated with high costs for marketing authorisations of products as well as infrastructure costs such as, for example, the founding of a subsidiary. If countries change their regulatory framework and bureaucratic procedures, unexpected delays could occur with regard to market entry. In this case, Biotest tries to assess the situation regarding the risks and to minimise these risks where necessary by involving experts in the relevant market.

Procurement market risks

Biotest needs special raw materials and excipients to manufacture its biological and biotechnological medicines. If these materials were to become scarcer or increase substantially in price, Biotest's ability to manufacture or supply could be restricted. Biotest obtains many of the starting materials it needs, especially plasma, from its own sources, which are being gradually expanded.

In recent years, the market for plasma has increasingly consolidated, with the result that only a few free plasma collection centres remain that are not already owned by larger plasma manufacturers. This market consolidation brings the risk of further and more sharply rising plasma prices with it.

In 2018, Biotest had to sell its 22 American plasma collection centres due to requirements of American authorities. This has substantially reduced the level of plasma self-sufficiency. Should there be a shortage in the plasma supply market and further price increases, there is a risk that Biotest would only be able to procure sufficient quantities of plasma, particularly from the US, at conditions that are no longer economically justifiable.

As Biotest is not currently allowed to own its own plasma collection centres in the USA, the planned sale of Biotest end products in the US market could not be fully realised, as only products made from American plasma are permitted to be sold there. Biotest tries to secure the plasma quantities it requires through long-term supply contracts.

Given that its business relationships generally last many years and in view of the close dialogue maintained with suppliers, the Board of Management believes that the probability that these risks will materialise is low. Due to the potential damage of individual risks, the Board of Management classifies the fundamental risks from supplier relationships as moderate risks and, with regard to plasma procurement, as high risks.

Political risks

Biotest generates a portion of its sales via tender business. In certain countries, business of this kind could be subject to a high level of political influence, which could in certain cases be to Biotest's disadvantage. Due to Biotests high level of risk awareness concerning tenders in those countries, the associated risks are considered minor. Biotest maintains relationships with companies all over the world. In unfavourable circumstances, a destabilisation of the political situation in individual countries could impair business relationships and prospects. In extreme cases, the political and economic system of individual countries may be subject to destabilising effects. These could include currency export restrictions or import and export bans, which could threaten business relationships between Biotest and typically government-run institutions in such countries.

The situation in several countries in the Middle East destabilised further in some cases in 2020. Because Biotest is represented in these countries, it is exposed to increased risk. Another risk is that it remains difficult to obtain payments for pharmaceutical supplies exempted from embargo and sanction measures from countries otherwise subject to sanctions. Biotest is trying to minimise these difficulties through intensive contact with its banks and by explaining the underlying transactions. Biotest continuously monitors all political risks. The potential economic consequences of an occurrence of such risks are closely analysed in order to implement appropriate measures.

In May 2018, former US President Donald Trump announced that the US would withdraw from the nuclear agreement with Iran. He reinstated sanctions against the country and tightened them again in 2020. This could have a negative impact on the value of Biotest's assets in the mid double-digit million range. The sanctions could also lead to a complete termination of business relations. The Board of Management does not rule out that the situation could deteriorate in the short term as a result of US sanctions.

A constitutional amendment came into force in Turkey in June 2018. This amendment greatly expanded the power of the President and abolished the office of the Prime Minister. The

economic and financial situation is unstable and characterised by strong fluctuations in the Turkish lira. This could lead to income losses in the low double-digit million Euro range for Biotest over the next 10 years.

Overall, the Board of Management classifies the political risks as high risks as in the previous year.

Corporate strategy risks

Risks associated with Biotest Next Level, the largest investment and development project of Biotest

Biotest began developing three new product lines, the associated manufacturing processes and building new production capacities in 2013.

Risks arise from the transfer and scale-up (e.g. volume increase of the plasma pool from 2,075 L to 4,200 L) of the processes from the development or existing facilities to the new facilities. This transfer, which took place in 2020, must be proven in the validation of the new facilities and processes planned for 2021 and then be finally approved in inspections by the Darmstadt Regional Council, Germany and the Paul Ehrlich Institute in Langen, Germany and subsequently by foreign regulatory authorities.

These further milestones could not be achieved if the prescribed process and production specifications had not been met. If serious problems or delays were to occur, the possibility of a value adjustment of the Biotest Next Level systems could possibly not be ruled out. Since it is a long-term project, the Board of Management assesses short-term risks associated with Biotest Next level as moderate.

Research and development risks

New medicines undergo several pre-clinical trials and clinical trials prior to marketing authorisation and market launch. There is a risk that a previously assumed therapeutic effect may not be confirmed or that unexpected medical risks will negatively impact the benefit/risk balance. Since development programmes may have to adapt to new findings in terms of their development or further development, the associated costs and development times cannot always be predicted accurately – unexpected additional costs and increased development time could arise. Especially the COVID-19 pandemic and the tense situation in the study centres have made delays in clinical development more likely. Changes in the market environment, in particular competitive developments, or other external factors such as requirements for approval and the regulatory environment or the subsequent reimbursement of new drugs can also have a negative impact on development, timeline and strategy. For example, constantly increasing requirements to prove the additional benefits of new products compared to existing products, or demonstrate health economic benefit, are playing an increasingly important role in the development of drugs. These benefits must be proven as early as possible during the product development stage, otherwise there is a high risk that the Company will not be able to obtain a sufficiently high price on the market to cover the costs of development. A special situation has arisen with the development product Trimodulin. The COVID-19 pandemic has significantly changed the intended study population for phase III development. This means both an additional opportunity in the use for the treatment of COVID-19 patients, but also an increased risk with regard to the originally planned development in severe community acquired pneumonia (sCAP). In the Biotest Next Level project, the IgG Next Generation, Trimodulin and Fibrinogen development projects were advanced simultaneously with the construction, completion and commissioning of the new plant. The associated high complexity requires particularly close management and monitoring of product development and marketing authorisation as well as production planning. In addition, unexpected events in one of the programme strands could lead to the Biotest Next Level manufacturing plant reaching profitable utilisation later or not as planned and to the carrying amount of this plant having to be partially depreciated. The Board of Management considers this to be a medium risk. In addition, Biotest is involved in other development projects where commercialisation challenges may arise. Since research and development projects are very long-term projects, the Board of Management currently considers the short-term risks of current projects low.

The progress of development projects is constantly monitored through milestone planning. The new data obtained from the entire development strands are evaluated in interim analyses. This creates a reliable basis for decisions on the further course of the project. As part of long-term risk management, development risks are systematically recorded, monitored and managed.

Performance-related risks

Process and production risks

Process and production risks include those that could impair the ability to provide efficient and environmentally friendly goods and services due to inefficient structures or production processes or material damage to plant and machinery. Personnel risks in production arise from possible deliberate or accidental misconduct by employees that could negatively affect production efficiency or safety.

Biotest constantly monitors and analyses its production processes in order to take early action against any risks that could arise. All employees involved in production become familiar

with production workflows by reviewing our operating procedures. Possible risks are combated by adopting extensive and precisely documented standards and operating procedures as well as regular training of staff. A further risk is posed by changes in regulatory requirements, the implementation of which necessitates technical developments.

Furthermore, the current local and regional COVID-19 infection situation could lead to staff absences and bottlenecks in production at Biotest.

In order to expand its product range and increase its production capacity, Biotest started planning the Biotest Next Level project in 2013. Biotest plans to expand the product range by building additional production buildings and plants at the Dreieich location. In the past financial year, two further partial acceptance inspections were conducted by the Darmstadt Regional Council, Germany. The inspections related to the validation of the production facilities in contact with the product as well as to the new SAP-based software for the collection and management of the raw material plasma and plasmatic intermediate products. As the project is designed for the long term, the Board of Management classifies the short-term risks associated with Biotest Next Level as moderate.

Supplier relationship risk

There is a risk that individual business or cooperation partners may fail to duly meet their obligations or terminate existing agreements. In some areas, suppliers have processes and products that are not easily substitutable, so that their failure could lead to increased expenses or even production delays. This currently applies to the loss of suppliers from the UK following Brexit and to the risk of phased losses of manufacturers of precursor products, for example.

Production bottlenecks at suppliers could also result due to COVID-19 infections. Biotest has already taken potential supply bottlenecks into account by increasing inventory levels in some areas. The Biotest Group is also at risk of claims being brought against it for possible breach of duty on the part of its partners. Furthermore, long-term supply agreements with guaranteed purchase volumes are also associated with the risk of not being able to sell these quantities in time or of the supplier demanding compensation or terminating the agreement in case of non-compliance with the delivery quantity. Given that a business relationships generally last many years and in view of the close dialogue maintained with suppliers, the Board of Management believes that the probability that these risks will materialise is low. Due to the potential amount of loss of individual risks, the Board of Management considers the risks arising from supplier relationships to be moderate.

Risks relating to plasma as a raw material

There is a very low risk that plasma contaminated with currently known but undetected or currently unknown bacteria, viruses or prions will enter the production cycle. This could lead to contamination of end products. Possible consequences include a recall of individual batches from the market or restriction or suspension of marketing authorisation by the authorities. In addition, contamination caused by currently unknown bacteria, viruses, or prions could result in tighter legislative controls on plasma-based medicines. In the event of reports from the market of suspected contaminated end products, these will be recorded and analysed as part of the pharmacovigilance system. In the unlikely case of a confirmed contamination, this would result in a risk-minimising measure being taken, e. g. recall of the batch. This is currently considered a low risk. The test procedures employed by Biotest are in line with the latest scientific standards. The manufacturing process includes several steps for viral inactivation or viral depletion. Contamination of end products is thus highly unlikely.

Compliance and legal

In addition to the risks arising from product liability, competition and antitrust law, pharmaceutical law, patent law, trademark law, data protection law, tax law and environmental protection, there is a general risk that Biotest could infringe on the industrial property rights, patents and trademarks of other companies by launching new products on the market. Biotest conducts extensive research and reviews to avoid this risk.

There is a risk of corruption in competing for supply contracts and in procurement. Biotest Group employees could improperly influence the awarding of contracts by granting or accepting undue advantages. In order to counteract this risk, the Biotest Group further strengthened its compliance measures again in financial year 2020. The Corporate Compliance Officer is a member of important decision-making bodies of the Company. As a result, compliance aspects are taken into account in relevant business processes.

In close cooperation with the Compliance, Legal and Information Technology departments, the international compliance system was further expanded. The compliance processes were further developed in 2020 primarily through the start of the implementation of an electronic compliance check process and the introduction of a general anti-corruption guideline.

Any transactions of Biotest AG or other Group companies with relevant professionals (doctors, pharmacists and state-qualified nurses, for example) that could be associated with compliance risks, such as continued education events, expert meetings, presentations and observational studies that are financially supported by Biotest, are subject to prior written approval by the Compliance Department. Furthermore, as part of

a so-called vendor compliance process, the Compliance Department reviews the supporting documentation for invoices from this area for plausibility. This process is also used for the annual publication of the so-called transparency data (listing of donations provided to healthcare professionals, for example), which Biotest AG has committed to disclosing as a member of AKG e.V. (an association dedicated to medicines and cooperation in health care).

In addition, the legal and compliance departments actively counter antitrust risks that are typical for a manufacturer of medicinal products from blood plasma. The Biotest Group's compliance officers met and exchanged information in 2020. At these meetings and at telephone conferences held every two months, the national Compliance Officers report on their activities and work results in their respective countries.

Based on their risk exposure, employees in all departments of the Biotest Group regularly receive training on the risks affecting them and current developments in the compliance field. Employees with contacts to specialists must pass an annual electronic test. All employees regularly receive basic training on the Code of Ethics and Conduct of Biotest AG. All distributors and agents are informed of any changes in the Code of Conduct. They confirm annually that they have received and taken note of the Code of Conduct.

The heads of Group companies may only undertake business transactions with a material effect on the Group's earnings position, financial position, cash flows and results of operations or the Group's risk position with the prior approval of the Group's management. Information events on compliance topics and on the Code of Ethics and Conduct are held regularly for distributors and agents.

The compliance management system is reviewed regularly for its appropriateness and effectiveness by the Internal Audit department. The last audit took place in the first quarter of 2019. Another audit on the publication of payments to specialist group members took place in the second half of 2019. There was no audit in 2020.

In Italy, the Naples public prosecutor's office brought a charge of illegal price fixing, among other charges, against 16 people in 2014. Two of the 16 accused individuals were employees of Biotest. The proceedings were discontinued on 20 November 2020 without a conviction of the Biotest employees concerned and have thus been concluded. The subsidiary was not the target of the investigations.

In connection with Biotest AG's Russian business, the authorities terminated the investigations against Biotest AG and most of the accused persons at Biotest AG in 2017. The public prosecutor's office in Frankfurt/Main has filed charges against three of the Company's managers and the competent court has agreed to admit the charges.

The defence costs arising in connection with the proceedings ongoing are covered by appropriate provisions. Biotest has responded to the investigations associated with the Russian business by expanding the audit and training of sales partners. Due to the increasing activities of law enforcement authorities in many countries in the area of economic crime, compliance and legal risks are assessed as moderate.

Personnel risks

Other risks include the possibility that Biotest will not be in a position to retain employees in key positions or find suitable candidates for such positions. Biotest counters this risk through continuous and targeted employee training, special onboarding measures and attractive entry and training programmes. The performance-related remuneration of specialists and managers and retention events also reduce personnel risks. The Board of Management considers the personnel risks to be low.

IT risks

Many production and other business processes at Biotest rely on IT support. The Group has been using an integrated standard business software package, the SAP ERP Business Suite, since 2008. The security of business data as well as business continuity are very high priorities. This applies both to the stability of the IT systems and backup solutions as well as to protection against unauthorised third-party access and possible attacks from the Internet. Production and administration operate on separate IT networks. Biotest is continuously increasing its already comprehensive use of IT systems and at the same time enhancing the respective security systems. The system functionality is constantly being improved in the areas of production, quality control and quality assurance in order to reduce risks and ensure product quality. The key systems (e. g. SAP or central file services) are also redundantly designed and are based in two spatially separated computer centres. The proper handling of systems and data is governed by working instructions and is ensured through appropriate training. Raising employees' awareness of constant new types of cybercriminality is also becoming increasingly important. The Board of Management considers the information technology risks to be moderate.

Financial and currency risks

A large part of the financing is secured by a subordinated shareholder loan of € 290 million. On 24 June 2019, Biotest signed a financing agreement with a term of 5 years for a vol-

ume of € 240 million. This finances the further steps for commissioning the Biotest Next Level facilities in the next few years. In addition, further long-term loans in the amount of € 30 million were concluded. The Board of Management considers the financial risks to be moderate. Interest rate risks exist for the variable interest liabilities, since the interest burden can change due to changes in the agreed market interest rate. Changes in interest rates can have a positive or negative impact on earnings. With regard to investments in listed companies, changes in the stock market price can have both a positive and a negative impact on earnings. Interest rate risks are currently not hedged. The Board of Management considers the Interest rate risk to be low.

As an international Company, Biotest AG does business in various currencies. Changes in exchange rates create opportunities and risks for the business results of Biotest AG. The risks are determined centrally and suitable measures are derived to control them. The currency risks are hedged, as far as reasonable and possible, by using derivative financial instruments such as forward exchange contracts. As a general rule, only underlying transactions already executed are hedged. Sales in US dollars continue to be offset by purchases in the same currency (natural hedging). However, despite these measures, the massive devaluation of individual currencies could impact consolidated results. Possible currency risks are therefore monitored continuously, and appropriate hedges are entered into where necessary. If the business incurs losses as a result of a currency devaluation (e. g. in Russia, Iran, Turkey or Brazil), those sales that can no longer be generated cannot be hedged. The Board of Management considers the currency risks to be moderate.

Financing risk

Biotest AG is dependent on the fact that due financial liabilities can be refinanced, if necessary, and existing financing commitments are kept. If reliable and timely financing cannot be guaranteed, the willingness to pay could be jeopardised. With the two financing modules for a subordinated shareholder loan of € 290.0 million and the financing contract concluded in 2019, Biotest AG has balanced and sustainably diversified its financing structure. Biotest AG has a stable financing basis through 2024. The financing agreement concluded in 2019 includes a financial ratio to be met. If this financial ratio is not met, the financial parties have the right to terminate the agreement prematurely. Additional ongoing efforts in working capital management strengthen the Company's internal financing power. In addition, at the end of December 2020, the Biotest Group had cash in hand and bank balances in the amount of € 71.3 million, from which the current business and the upcoming investments are financed.

Due to the financing contract concluded in the summer of 2019, the financing risk is assessed as low by the Board of Management.

Other risks

Risks resulting from side effects or interactions

Unexpectedly severe, more frequent or hitherto unknown side effects or interactions with other medicines can result when taking drugs. Inappropriate handling, storage or use of our products could also give rise to significant adverse effects for customers and patients. As part of the pharmacovigilance system (PVS), reported suspected cases of side effects or interactions are recorded, investigated and analysed by Biotest, and further risk-based measures to minimise risks are taken. The terms pharmacovigilance and drug safety stand for drug monitoring and drug safety. Core elements of PVS are the expertise of employees with qualifications in medicine, pharmaceuticals or other natural sciences as well as validated structures for data processing, data analysis and reporting to regulatory authorities. The system also requires that each international subsidiary of Biotest employ a local contact for pharmacovigilance and each cooperating partner designate one. The Corporate Drug Safety (CDS) department is responsible for the establishment and continuous updating of the PVS. The measures to be adopted in agreement with regulatory authorities can range from continuation of the established pharmacovigilance routine described in SOPs, additional data analysis, exchange of information, supplements to the information in the package information leaflet in the sections side effects, warnings and contraindications all the way to restriction or withdrawal of the marketing authorisation. The latter would have considerable negative effects. Due to established and independently audited pharmacovigilance processes and extensive experience with the product portfolio, Biotest is unlikely to experience serious consequences resulting from unexpected side effects. Overall, the Board of Management considers the risks in this area to be low.

Risks caused by quality defects

Biotest meets the strictest international criteria of Good Manufacturing Practice (GMP) and ensures, largely through the departments Manufacturing, Quality Assurance (QA) and Quality Control (QC), that safety-relevant defects remain very rare exceptions. In conjunction with the pharmacovigilance system (PVS), the quickest possible detection of suspected quality defects, their analysis, assessment in terms of medical risks and, if necessary, correction and risk minimisation are guaranteed. Additionally, a competent, objective and well-founded decision is ensured. Quality defects could be suspected as a result of internal quality control carried out as part of manufac-

turing ("deviation reports") as well as due to customer complaints from the market ("product technical complaints") and are recorded similar to reports of side effect by the CDS department. If a quality defect fraught with risk were to be confirmed, risk-minimising measures would be implemented independently and immediately, in coordination with regulatory authorities, through the Biotest Medical Alarm Plan Committee (MAPCOM) as part of the respective process and under the leadership of CDS. A typical measure, as a result of risky defects, would be an immediate blocking of stock goods and recall of delivered goods so that their further administration is prevented. Preventive recalls of defective batches are very rare for individual products but are known and accepted by pharmacists and prescribers as a reliable routine process for targeted risk minimisation in the pharmaceutical industry as a whole. Only in the extremely unlikely event, e.g. repeated occurrence, can quality defects lead to the withdrawal of approval. Nevertheless, the costs of a recall limited to certain batches can also represent a considerable burden.

There was no recall in 2020. The financial impact of recall measures is likely to increase in parallel with the increasing internationalisation of sales. With an overall low probability of occurrence, management continues to assume a moderate risk.

Risks caused by defects in the pharmacovigilance system (PVS)

The pharmacovigilance system under the responsibility of the marketing authorisation holder ensures that national and international requirements (Good Vigilance Practice, GVP) for monitoring product use and drug safety are met as a prerequisite for granting and maintaining marketing authorisations for drugs. The Corporate Drug Safety department is responsible for its implementation in the Company.

Defects in the pharmacovigilance system, especially the improper handling of suspected cases of side effects, interactions or claimed quality defects, could not only damage Biotest's reputation with the supervisory and regulatory authorities but also be subject to a fine for the territory of the EU for the marketing authorisation holder (up to a maximum of 5% of the annual sales in the EU per defect). Furthermore, they could result in the withdrawal of the drug marketing authorisation in severe, repeated cases. Biotest ensures a very high level of reliability in this area by continuously developing transparent processes and through cross-departmental, international training courses for staff who deal with these topics. This was consistently confirmed in routine inspections by international authorities, most recently in September 2018 by the Paul Ehrlich Institute in the context of the Medicinal Products Act (AMG) and GVP and in July 2020 by the Darmstadt Regional Council in the context of the Pharmaceuticals and Active Ingredients Manufacturing Ordinance. Moreover, intensive dialogue with clinics, doctors in private practice and pharmacists ensures that we are informed promptly about possible newly identified side effects and interactions. Therefore, the Board of Management considers the risks in this area to be low.

Risks arising from ongoing legal proceedings and tax risks

All identifiable risks from employment law and other ongoing proceedings are covered through provisions. Furthermore, tax risks could result from tax audits of previous years. This would be the case if the fiscal authorities assess tax items in a different way than that applied by Biotest Group companies. The Board of Management currently considers the risks in this area to be low.

Biotest recognises deferred tax assets to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Weaker than expected taxable income may have a negative effect on the recoverability of deferred tax assets. The Board of Management considers this to be a low risk.

Risks from the sale of companies or parts of companies

The sale of companies or parts of companies could result in liability to the buyer, for example due to indemnity or guarantee commitments. The Board of Management considers this risk to be low.

Risks associated with pandemics/epidemics

Biotest is an internationally operating group. In this context, the outbreak of the coronavirus could have a negative impact, in particular on the conduct of business in regions affected by a pandemic/epidemic. The spread of the disease could also have a negative impact on the willingness of the population to donate blood plasma or on the health and operational capability of employees.

Postponed surgeries and transplants, as well as the reduced number of hospital outpatients, could result in lower demand for immunoglobulins and hyperimmunoglobulins.

Calls or government orders to restrict contact, as well as measures to maintain appropriate distances between individuals, could reduce the opportunity for plasma donation and lead to a reduction in the capacity of plasma collection centres. The resulting shortfall in plasma volumes could mean that a planned production volume of end products can only be adequately supported by plasma if previous plasma collection volumes are restored. If this does not occur as a result of uncer-

tainty regarding the course of a pandemic or epidemic, a significant reduction in the supply of the raw material blood plasma could result in reduced availability of end products.

To contain a pandemic or epidemic, countries could make access across their borders more difficult, possibly resulting in a delay in delivery due to unavailable transportation.

There is also a possibility that plasma exports for further processing in countries such as Germany could be banned or made more difficult. This applies in particular to the largest plasma exporter, the USA.

These effects of a pandemic or epidemic could have a negative impact on the net assets, financial position and results of operations. The Board of Management assesses this risk as moderate.

F. GENERAL STATEMENT ON THE GROUP'S RISK POSITION

Primarily due to the corona pandemic, the plasma procurement risk for Biotest has increased further, especially if global donor numbers were to decrease substantially as a result of the pandemic. Beyond that, in the Board of Management's opinion, Biotest is not currently subject to any substantial risks exceeding those that are an inevitable part of its business operations and those associated with the Biotest Next Level investment project. All material risks are monitored continuously. Wherever possible and reasonable, the necessary precautions are taken to prevent any potential financial consequences. Although certain changes in the assessment of the individual risks described above occurred in the financial year due to external and internal conditions, the overall risk assessment has not changed significantly. There are currently no identifiable risks that could jeopardise the Biotest Group's continuation.

III. OPPORTUNITIES REPORT

Biotest views risks and opportunities from an integrated management perspective. By continuously monitoring developments in sales markets and regulatory conditions, the Company is able to identify opportunities at an early stage. Current opportunities are the subject of regular reports to the Board of Management. In the event of a change in opportunities requiring immediate action, the Board of Management is notified directly and at short notice. Biotest thoroughly evaluates any identified opportunities and makes decisions regarding possible capital expenditure based on the results. Possible risks are also considered in assessing opportunities. Finally, the potential project must be in line with the strategic orientation of the segment and the Group.

A. OPPORTUNITIES ARISING FROM DEVELOPMENT OF THE PRODUCT PORTFOLIO

The extension of the use for current products or development projects in additional indications could result in further marketing potential for the Biotest Group.

In addition, extended indication areas could also result from improved or more widely used diagnostic methods, leading to better detection of potentially treatable diseases which can be treated by administering immunoglobulins. Additional potential also results from the consistent further development and life cycle management of current products. The further development of products already on the market – including the establishment of additional dosing – will further differentiate the product portfolio and thus make it possible to address further market segments. The marketing of albumin in the non-therapeutic segments also offers further opportunities. In addition to the development projects that result in new products or indication extensions, further projects to improve process yields and additional cost-reduction measures will also be carried out.

B. OPPORTUNITIES ARISING FROM CORPORATE STRATEGY

The Group's internationalisation strategy in particular offers potential for the future growth of the Company. Numerous new marketing authorisations in international markets confirm this development. In addition, other regions in North, Central and South America as well as Asia are to be opened up. Furthermore, in numerous emerging countries, more funds are being provided for health care systems, health insurance is being introduced and patient care is improving as a result. This positive trend is noticeable in Algeria as well as Turkey and Central and South America – countries in which Biotest already operates and can benefit from these developments. Competitive advantages and therefore opportunities could also arise in the future from further strategic research and development as well as distribution cooperation agreements. Numerous opportunities that will take the Biotest Group to a new level will result from the increase in productivity and the doubling of production capacity, which are planned as part of the Biotest Next Level project, with a special focus on the approval and sale of these new products on the important US market. In addition, hyperimmunoglobulins are an opportunity for Biotest to extend the application to other indications or to generate sales in additional countries. The selection

depends on the requirements of the market and the regional conditions.

Another priority is the consistent focus on customer segments such as transplantation. In cooperation with leading experts in the field of transplantation, the use of Cytotect® CP Biotest, Hepatect® CP, Zutectra®, Varitect® CP and Pentaglobin® are the areas of focus in this regard.

C. PERFORMANCE-RELATED OPPORTUNITIES

Biotest has invested heavily in expanding its resources and expertise in the fields of drug development and marketing authorisation in recent years. In addition, the Group is moving into a new dimension by implementing the doubling of its production capacity. In the future, it will also continue to reap the benefits of its efficiently managed corporate headquarters in Dreieich, where all of the major business departments are concentrated. The resulting synergies and potential will continue to be used to conduct in particular research and development projects more quickly and cost-effectively and improve the efficiency of production.

D. OPPORTUNITIES ARISING FROM THE TAKEOVER BY CREAT

With the completion of the takeover offer by Tiancheng (Germany) Pharmaceuticals Holding AG, Munich, Germany, Biotest AG has been part of Creat since 1 February 2018. This could result in opportunities for Biotest to gain a better foothold in the Chiese market. Additional opportunities in production and distribution can also result from the collaboration with other companies within the Group such as the British plasma manufacturer Bio Products Laboratory Ltd., Elstree, United Kingdom (BPL), Shanghai RAAS Blood Products Co., Ltd., Shanghai, People's Republic of China, and Anhui Tonrol Pharmaceutical Co., Ltd., Anhui, People's Republic of China.

E. GENERAL STATEMENT ON THE GROUP'S OPPORTUNITIES SITUATION

Biotest sees significant opportunities in the increase in productivity and the expansion of capacity as part of Biotest Next Level and in the enhancement of the product portfolio. The assessment of short-term, medium-term and long-term opportunities has not changed materially as compared to last year.

E. REMUNERATION REPORT

This Remuneration Report refers to the remuneration system for the members of the Board of Management and Supervisory Board of Biotest. On the one hand, it addresses the composition of the various remuneration components and on the other hand shows the individual amounts paid.

The Remuneration Report is based on the recommendations of the German Corporate Governance Code (GCGC) and contains information in accordance with the provisions of the German Commercial Code (HGB), the German Accounting Standards (DRS) and the International Financial Reporting Standards (IFRS). The Remuneration Report is an integral part of the Group Management Report.

Explanatory notes on the remuneration system for the members of the Board of Management

The Supervisory Board determines the remuneration of the members of the Board of Management. It consists of fixed remuneration, annual variable remuneration and a component containing a long-term incentive effect and risk features. In addition, there are benefits in kind.

The criteria for determining the appropriateness of the remuneration are the duties of the individual Board of Management member, his personal performance, the economic situation, the success and future prospects of the Company as well as the customary remuneration, taking into account the comparative environment and remuneration structure that otherwise applies at the Company.

Non-performance-based remuneration components

Fixed remuneration

The non-performance-based fixed remuneration of the Board of Management members consists of a fixed salary and incidental benefits in kind. The amount is based on the economic situation and future prospects as well as on remuneration levels paid by the competition. The annual fixed salary is set for the entire term of the respective employment contract and is payable in twelve monthly instalments.

Benefits in kind

Board of Management members receive incidental benefits in kind in addition to their fixed salaries. Board of Management members are covered professionally and privately under Biotest AG's collective accident insurance policy. The board members also receive thesocial security and direct insurance grants.

Furthermore, Biotest AG paid the legal fees and the related income tax for a member of the Board of Management in connection with an ongoing investigation.

Biotest AG has concluded a financial loss liability insurance policy (D&O insurance) with an appropriate deductible for the members of the Board of Management, taking the statutory requirements into account. The deductible amounts to 10% of the insured event and is limited to 150% of the fixed annual remuneration of the respective Board of Management member and thus meets the requirements of Section 93 (2) sentence 3 AktG. All members of the Board of Management are provided with a company car of the luxury class free of charge, which may also be used privately.

Performance-based remuneration components

Annual variable remuneration

The performance-based remuneration component is calculated based on the achievement of corporate and personal targets. EBIT and operating cash flow are each weighted at 25%, return on capital employed (ROCE) at 10% and the achievement of individually defined targets in the previous financial year at 40%.

Remuneration component with a long-term incentive effect and risk features

The remuneration component with a long-term incentive effect and risk features is based on Biotest AG's Long Term Incentive Programme (LTIP). In addition to the members of the Board of Management, this programme also includes certain managers who have a significant impact on the success of the Company due to their position with the Group, their decisions, leadership and actions.

For the LTIP 2018, 2019 and 2020, the Supervisory Board allocates virtual participation shares to the members of the Board of Management, which are analogous to the shares in the new investment in past programmes. The term for all programmes is three years. The starting date was always in May of the year of issue and the term ends on 31 December of the third year of the respective programme.

All LTI programmes contain the hold-back clause for members of the Board of Management. At the discretion of the Supervisory Board, the incentive payment may be reduced by up to 100% if the Company has suffered significant damage despite the achievement of the performance factor or targets, even if the Board of Management member is not at fault or shows negligence.

LTIP 2018

The amount of the incentive payment for the LTIP 2018 is calculated using the following formula:

$$\frac{\text{(Target goal 1 from 2018 + 2019 + 2020 + Target goal 2 from 2018 + 2019 + 2020) * Multiplier * Participation Shares}}{100} \times \text{Annual remuneration of Participant} = \text{Incentive payment}$$

The first factor of the LTIP 2018 covers the achievement of goals in the different stages of the Biotest Next Level investment project (BNL project). For the Biotest Next Level project, a Biotest Next Level target was formulated for each year of the programme, which introduces a factor of 0.01 into the calculation formula if the target is reached and a factor of zero if the target is missed. No proportional achievement of the target is planned. The maximum achievable sum of the BNL target factor is 0.03.

The second factor of the LTIP 2018 relates to the EBIT margins from 2018, 2019 and 2020. The determination is based on the strategic planning as of 11 July 2018. If the EBIT margin in the respective year corresponds to the value from strategic planning, a target achievement factor of 0.01 is estimated. If an EBIT margin that is 10% higher than the value from the strategic planning is achieved, a value of 0.011 is achieved. Participants receive no points at all for a value that is more than 10% below the strategic planning. If the values are between these figures, a proportionate target achievement factor is determined. The maximum sum of the factor for the EBIT margin is 0.033.

Participants also have the option of increasing the target achievement factors from the EBIT margins and Biotest Next Level targets by a factor of 1.5 or 2 if they achieve the defined overall target.

LTIP 2019

The amount of the incentive payment for the LTIP 2019 is calculated using the following formula:

$$\frac{\text{(Target goal 1 from 2019 + 2020 + 2021 + Target goal 2 from 2019 + 2020 + 2021) * Participation Shares}}{100} \times \text{Annual remuneration of Participant} = \text{Incentive payment}$$

As in 2018, the first success factor of the LTIP 2019 consists of qualitative goals that relate to different stages of the Biotest Next Level (BNL project) investment project. A BNL target was formulated for each year of the LTIP 2019, which increases the target achievement factor when reached. Goals that lie further in the future are given greater weight. That means achieving the 2019 BNL goal increases the factor by 0.01, while achieving the 2020 and 2021 BNL goals increase the factor by 0.02 each. On the other hand, missing or partially achieving a BNL goal does not change the goal achievement factor. The maximum achievable success factor for the success target category BNL targets is 0.05.

The second success factor of the LTIP 2019 relates to the EBITDA margin. An EBITDA target margin was set for each year of the LTIP 2019, which increases the target achievement factor when reached. The target figures for the EBITDA margins for 2019 were taken from the budget (as of February 2019) and for 2020 and 2021 from the 10-year plan (as of 11 July 2018). Here, too, goals that lie further in the future were given more weight. That means reaching the EBITDA margin in 2019 increases the factor by 0.01, while reaching the EBITDA margin in 2020 and 2021 increases the factor by 0.02 each. If the envisaged EBITDA margin falls short of the target by up to 10%, the factor is 0. The factor is determined by linear interpolation for values in between. On the other hand, overperformance does not lead to a further increase in the success factor, so the maximum achievable success factor for the success target category EBITDA margin is 0.05.

No multiplier is provided for in the LTIP 2019.

LTIP 2020

The amount of the incentive payment for the 2020 LTIP is calculated using the following formula:

$$\frac{\text{(Target goal 1 from 2020 + 2021a + 2021b + 2022a + 2022b + Target goal 2 from 2020 + 2021 + 2022) x Participation Shares}}{100} \times \text{Annual remuneration of Participant} = \text{Incentive payment}$$

As in the two previous programmes, the first success factor is calculated from the achievement of qualitative targets of the BNL project. One BNL target was defined for 2020 and two BNL targets for 2021 and 2022. Each target achieved increases the success factor by 0.1, while missing or partially achieving a BNL target does not change the target achievement factor. The maximum achievable success factor for the success target category BNL targets is 0.05.

To determine the second success factor, annual targets for EBIT excluding the costs of the BNL project were defined as metrics. The target for 2020 was set based on the value of the 2020 budget. For 2021 and 2022, the target values were determined from the 10-year plan as of 25 July 2019. Achieving the target value increases the success factor by 0.01 for 2020 and by 0.02 for 2021 and 2022. If the actual value is 20% above or below the target value, the factor is increased or reduced by the corresponding proportion. If the actual value is more than 20% below the target value, the target achievement factor is not increased. The maximum achievable performance factor for the performance target category EBIT excluding BNL is 0.06.

The incentive component is expected to be paid to the participants in May of the following year after the tranche has expired. The programme is also discussed in chapter F 1 of the Notes to the Consolidated Financial Statements.

Pension commitments

The members of the Board of Management are covered by the Company pension scheme of Biotest AG. There is an individual commitment for the members within the framework of the retirement provision applicable at Biotest AG. Provisions are formed for this purpose. The amount of the entitlements depends on the number of years of service and the eligible salary.

The valuation is based on actuarial reports prepared by an independent actuary using the projected unit credit method.

Commitments in connection with the termination of a Board member's activities

A supplementary agreement to the Board of Management employment contract of all active Board of Management members contains a severance pay clause that becomes effective in the event of the early termination of such contract as a result of a clearly defined change of control. The severance payment comprises the fixed remuneration until the end of the term. In addition, there are pro rata variable compensation components calculated on the basis of the average amount of the previous two financial years plus compensation for the value in use of the company car granted. In addition to these entitlements, the severance payment also includes up to twice the annual fixed remuneration. Overall, however, the severance payment amounts to a maximum of three times the annual fixed remuneration as well as the proportional variable remuneration components as shown above and the value in use of the company car granted.

The entitlement does not arise if the termination of the Board of Management contract is due to termination for good cause, illness or incapacity to work or if the Board of Management member has already reached the age of 60 at the time of termination or receives benefits or value advantages from a third party in connection with the change of control.

There are no other one-time or recurring commitments in the event of termination of a Board of Management assignment.

Remuneration for the current financial year

Total compensation of the members of the Board of Management in office in 2020

This overview shows the calculation of the total compensation for each member of the Board of Management together with the amounts actually earned or granted in financial year 2020 for the various remuneration components. The figure for variable remuneration with long-term incentive (LTIP) includes the entitlements earned until the end of 2020 under the three programms from 2018, 2019 and 2020.

in € thousand	Dr Michael Ramroth				Dr Georg Floß			
	2019	2020	2020 Minimum	2020 Maximum	2019	2020	2020 Minimum	2020 Maximum
Non-performance based								
Fixed remuneration	426	462	462	462	378	410	410	410
Benefits in kind	38	61	38	61	39	40	39	40
Total non-performance-based components	**464**	**523**	**500**	**523**	**417**	**450**	**449**	**450**
Performance-based								
Excluding long-term incentive effect (not share-based):								
Annual variable remuneration – cash portion	242	245	–	273	214	218	–	242
Including long-term incentive effect (not share-based):								
Variable remuneration (LTIP) – cash portion	165	345	–	1,553	147	306	–	1,378
Total performance based components	**407**	**590**	**–**	**1,826**	**361**	**524**	**–**	**1,620**
Pension expense (service cost)	405	442	442	442	251	381	381	381
Total compensation (GCGC)	**1,276**	**1,555**	**942**	**2,791**	**1,029**	**1,355**	**830**	**2,451**
Less pension expense (service cost)	405	442	442	442	251	381	381	381
Total remuneration (DRS 17)	**871**	**1,113**	**500**	**2,349**	**778**	**974**	**449**	**2,070**

The maximum amounts for the performance-based remuneration with a long-term incentive effect (see Variable remuneration (LTIP) - cash portion) show the sum of the possible maximum amounts of the three LTI programms running on the balance sheet date, taking into account the respective shares of the term until December 31, 2020 at the time of granting. The service cost also includes the amounts that the member of the Board of Management has left with Biotest AG for later payment through deferred compensation.

The information on Dr Bernhard Ehmer, who resigned as planned on 30 April 2019, will be reported in the annual financial statements for financial year 2020 in the information on former members of the Board of Management. Calculated in accordance with DRS 17, the total remuneration of all Board of Management members for financial year 2020 amounts to € 2,087 thousand (prior year: € 1,965 thousand). In addition to the total remuneration of Dr Michael Ramroth and Dr Georg Floß, the previous year's figure also includes the total remuneration of Dr Bernhard Ehmer in the amount of € 316 thousand for the period 1 January to 30 April 2019. The total remuneration according to DRS 17 does not include the pension expenses.

Compensation inflows to members of the Board of Management in office in 2020

The following table provides an overview of the inflows in and for the current financial year, broken down by Board of Management member. The total remuneration is subdivided according to the various remuneration components. This overview shows the multi-year variable remuneration granted in previous years and that is being paid in this financial year.

in € thousand	Dr Michael Ramroth		Dr Georg Floß	
	2019	2020	2019	2020
Non-performance-based				
Fixed remuneration	426	462	378	410
Benefits in kind	38	61	39	40
Total non-performance-based components	**464**	**523**	**417**	**450**
Performance-based				
Excluding long-term incentive effect (not share-based):				
Annual variable remuneration – cash portion	265	244	235	216
Including long-term incentive effect (not share-based):	–	–	–	–
Variable remuneration (LTIP) – cash portion	–	64	–	57
Total of multi-year variable remuneration	–	64	–	57
Total performance-based components	**265**	**308**	**235**	**273**
Pension expense (service cost)	–	–	–	–
Total compensation (GCGC)	**729**	**831**	**652**	**723**

Overview of pension commitments for the members of the Board of Management in office in 2020

in € thousand	Present value of all pension commitments excluding deferred remuneration		Present value of deferred remuneration	
	Present cash value in 2019	Present cash value in **2020**	Present cash value in 2019	Present cash value in **2020**
Dr. Michael Ramroth	5,705	6,427	865	996
Dr. Georg Floß	4,790	4,936	–	–
	10,495	**11,363**	**865**	**996**

Assets amounting to € 3,624 thousand (previous year: € 2,835 thousand) were transferred to Biotest Vorsorge Trust e. V. to protect pension claims against insolvency.

Remuneration for former members of the Board of Management and their surviving dependents

Contractually agreed pensions are paid for former members of the Board of Management and their surviving dependents. Pension provisions of € 10,177 thousand (previous year: € 10,318 thousand) were formed for this purpose. Pension payments amounting to € 631 thousand (previous year: € 603 thousand) were made to former members of the Management Board in financial year 2020. Pension provisions were determined in accordance with IAS 19 Employee Benefits. The information on Dr Bernhard Ehmer, who resigned as planned on 30 April 2019, are reported in the annual financial statements for financial year 2020 in the disclosures on the former members of the Board of Management. In financial year 2020, € 92 thousand was paid to Dr Bernhard Ehmer for profit-sharing. As in the previous year, no payments were made from the LTIP to former members of the Board of Management. Provisions of € 115 thousand were made for Dr Bernhard Ehmer for the LTIP 2018.

As of 31 December 2020, there were provisions in the total amount of € 115 thousand for former Board of Management members in connection with the LTIP.

Long-Term Incentive Programme for the members of the Board of Management

The total remuneration of the Board of Management active in financial year 2020 amounted to € 2,087 thousand (previous year: € 1,965 thousand, including € 316 thousand for Dr Bernhard Ehmer). The remuneration of the Board of Management is divided into a non-performance-related component of € 973 thousand (previous year: € 1,033 thousand, including € 152 thousand for Dr Bernhard Ehmer) and a performance-related component of € 1,114 thousand (previous year: € 932 thousand, including € 164 thousand for Dr Bernhard Ehmer).

The participation of the members of the Board of Management in the Long-Term Incentive Programme is included in the performance-based component at the fair value of the tranche of the LTIP issued in the respective financial year on the grant date.

The members of the Board of Management participated in the non-share-based LTIP 2020 programme with allocated shares (Dr Michael Ramroth and Dr Georg Floß each with 1,800 shares). A provision of € 79 thousand was formed for this tranche. Of this amount, € 42 thousand is attributable to Dr Michael Ramroth and € 37 thousand to Dr Georg Floß.

The members of the Board of Management participated in the non-share-based LTIP 2019 programme with allocated shares (Dr Michael Ramroth and Dr Georg Floß each with 1,800 shares). A provision of € 394 thousand was formed for this tranche. Of this amount, € 209 thousand is attributable to Dr Michael Ramroth and € 185 thousand to Dr Georg Floß.

The members of the Board of Management participated in the non-share-based LTIP 2018 programme with virtual participation shares (Dr Michael Ramroth and Dr Georg Floß each with 1,800 shares). A provision of € 181 thousand was formed for this tranche. Dr Michael Ramroth accounted for € 96 thousand and Dr Georg Floß for € 85 thousand of this amount.

The aforementioned provisions for the 2018, 2019 and 2020 LTI programms are shown in total in the table of total compensation in the line "Variable remuneration (LTIP) - cash portion" in 2020.

Dr Michael Ramroth received a payment of € 64 thousand and Dr Georg Floß a payment of € 57 thousand from the non-share-based LTIP 2017, as its payments were scheduled for financial year 2020. These amounts were paid in 2020 and can therefore be found under the line "Variable remuneration (LTIP) - cash portion" in the table Compensation inflows to members of the Board of Management for 2020.

Explanatory comments on the remuneration system for the members of the Supervisory Board

The remuneration system has been in place since 1 July 2018. The remuneration of the Supervisory Board is regulated in the Articles of Association.

According to the remuneration system, members receive annual fixed remuneration of € 40 thousand each. The Chairman of the Supervisory Board receives three times this amount and the Deputy Chairman one and a half times this amount. The work on a committee is additionally remunerated with € 4 thousand, the Chairman of the Audit Committee receives € 15 thousand and the Chairman of the other committees receives € 7.5 thousand. If VAT is payable on the Supervisory Board remuneration, this is paid by Biotest AG. The members of the Supervisory Board do not receive any additional variable remuneration.

Like the members of the Board of Management, the members of the Supervisory Board of Biotest AG are included in the Group-wide asset liability group insurance (D&O insurance). Biotest assumes the insurance premiums due for this for all members of the Supervisory Board. Furthermore, two members of the Supervisory Board have private liability insurance through the existing company liability insurance and one member of the Supervisory Board has professional and private accident insurance through Biotest AG's Group accident insurance. No other benefits in kind are granted.

The amounts disclosed on the remuneration of the Supervisory Board take into account the reimbursement of the value-added tax partially payable on the remuneration of the Supervisory Board.

Remuneration for the current financial year

The members of the Supervisory Board received the remuneration listed below for their activities in financial year 2020:

in € thousand 2020	Fixed remuneration	Total remuneration
Rolf Hoffmann (Chairman since 30 August 2017)	133	133
Tan Yang (Deputy Chairman since 1 March 2018)	69	69
Dr Cathrin Schleussner (until 8 May 2020)	17	17
David (Xiaoying) Gao (since 8 May 2020)	26	26
Kerstin Birkhahn	44	44
Christine Kreidl (until 4 January 2020)	1	1
Simone Fischer (since 12 February 2020)	49	49
Jürgen Heilmann	44	44
	383	**383**

The members of the Supervisory Board were paid the following remuneration for financial year 2019:

in € thousand 2019	Fixed remuneration	Total remuneration
Rolf Hoffmann (Chairman since August 30, 2017)	135	135
Tan Yang (Deputy Chairman since March 1, 2018)	72	72
Dr. Cathrin Schleussner	48	48
Kerstin Birkhahn	44	44
Christine Kreidl	59	59
Jürgen Heilmann	44	44
	402	**402**

Besides the Supervisory Board remuneration listed above, further benefits for the employee counsel representatives on the Supervisory Board were recognised as expenses in financial years 2020 and 2019 as part of their employment contracts. These amounts were based on collective bargaining agreements and/or company pay rates for non-pay-scale employees.

F. GROUP DECLARATION IN ACCORDANCE WITH SECTION 315D OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

Biotest AG is a stock corporation under German law. In addition to the relevant statutory provisions, the Company's Articles of Association form the basis for the management, decision-making and control mechanisms. The declaration pursuant to Section 315d of the German Commercial Code (HGB) can be downloaded from the Company's website (www.biotest.com) in its current version.

G. GROUP DECLARATION REGARDING NON-FINANCIAL INFORMATION IN ACCORDANCE WITH SECTION 315C OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

For information on the non-financial declaration in accordance with the commercial law provisions resulting from the implementation of the Corporate Social Responsibility (CSR) guideline, please refer to the Company website (www.Biotest.com).

H. INFORMATION RELEVANT TO THE TAKEOVER IN ACCORDANCE WITH SECTION 315A OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

The subscribed capital of Biotest AG amounts to € 39,571,452 (as of 31 December 2020) in accordance with the Articles of Association. It is divided into 19,785,726 ordinary shares and 19,785,726 preference shares. The shares are bearer shares; the preference shares do not carry any voting rights. Biotest is not aware of any other voting rights or transfer restrictions.

As of 31 January 2018, the takeover bid by Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, was completed and Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, received 89.88% of the voting ordinary shares. It therefore holds the majority of the ordinary shares with voting rights.

Mr Yuewen Zheng notified Biotest in accordance with Sections 33 (1), 34 WpHG on 2 February 2018 that Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, holds 89.88% of the ordinary shares of Biotest AG. The voting rights of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, are attributed to Mr Yuewen Zheng pursuant to Section 34 WpHG. Biotest AG is therefore indirectly controlled by Mr Yuewen Zheng (as of 31 December 2020).

As of 31 December 2020, the Board of Management was not aware of any other direct or indirect shareholdings in the Company exceeding 10% of the voting rights. There are no holders of shares with special rights conferring powers of control.

Members of the Board of Management are appointed and dismissed by the Supervisory Board in accordance with Sections 84 and 85 of the German Stock Corporation (AktG) and Section 7 (2) of the Articles of Association. In accordance with Section 179 (1) of the AktG, any amendment to the Articles of Association requires a resolution of the Annual General Meeting (Section 133 AktG). Authorisation to amend the Articles of Association affecting only the wording thereof has been transferred to the Supervisory Board in accordance with Section 27 of the Articles of Association in compliance with Section 179 (1) Sentence 2 of the AktG.

Pursuant to the resolution of the Annual General Meeting of 7 May 2015, the company is authorized, in accordance with Section 71 (1) no. 8 AktG, to acquire ordinary bearer shares and/or preferred bearer shares up to 10% of the subscribed capital of € 33,767,639.04 existing at the time of the Annual General Meeting. The shares acquired, together with other treasury shares held by the company or attributable to it in accordance with Sections 71d and 71e of the AktG, may at no time account for more than 10% of the subscribed capital. The authorization was valid until 6 May 2020. The Board of Management did not make use of this authorization.

In order to give Biotest AG flexibility in future financing and capital measures, resolutions passed at the Annual General Meeting on 7 May 2019 created new authorised capital and replaced the previous authorised capital, which the Board of Management had not made use of. Section 4 (5) of the Articles of Association has been repealed and revised as follows: "The Board of Management is authorised, with the approval of the Supervisory Board, until 6 May 2024, to issue the Company's share capital by issuing new bearer shares and / or issuing new bearer preference shares without voting rights against cash contributions and / or contributions in kind, once or several times to increase up to € 19,785,726.00 (authorised capital). The authorisation includes the authority to issue further preference shares that are equal to the previously issued non-voting preference shares in the distribution of profits or company assets. The shareholders have a subscription right. The subscription right may also be structured in whole or in part as an indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG. The Board of Management is also authorised to determine the further details of the implementation of capital increases from authorised capital." Beyond the above change in the Articles of Association, the Supervisory Board was authorised by the decision of the Annual General Meeting to adapt the Articles of Association after complete or partial implementation of the increase of the authorised capital in accordance with the volume of the capital increase. The authorised capital has not yet been used, not even partially.

Significant agreements between Biotest AG and third parties that take effect in the event of a change of control exist with regard to the financing agreements concluded.

The contracts of all members of the Board of Management contain a severance payment provision that takes effect in the event that the contract of the Board of Management is terminated prematurely as a result of a change of control defined in more detail. The severance payment comprises the fixed remuneration for two years as well as a bonus payment for two years based on the average amount of the two previous financial years and the utility value of the company car granted for two years.

There shall be no entitlement if the Board of Management employment contract is terminated for good cause, illness or incapacity to work, or if the Board of Management member receives monetary or non-monetary benefits in connection with the change of control.

None of the Board of Management members has asserted any claims under the respective agreement following the completion of the takeover by Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany.

Dreieich, 22 March 2021

Dr. Michael Ramroth
Chairman of the Board of Management

Dr. Georg Floß
Member of the Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 31 December 2020

in € million	Note	2020	2019*
Revenue	D 1	484.2	419.1
Cost of sales		–354.1	–290.3
Gross profit		**130.1**	**128.8**
Other operating income**	D 5	8.6	13.5
Marketing and distribution costs		–50.2	–49.6
Administrative expenses		–28.2	–31.3
Research and development costs	D 4	–55.8	–53.4
Other operating expenses**	D 6	–5.8	–9.1
Operating result		**–1.3**	**–1.2**
Financial income***	D 7	6.9	17.8
Financial expenses***	D 8	–35.1	–18.0
Financial result		**–28.2**	**–0.2**
Result from joint ventures	D 9	–0.5	0.1
Earnings before taxes		**–30.0**	**–1.3**
Income taxes	D 10	–1.4	–3.4
Earnings after taxes (total)		**–31.4**	**–4.7**
Attributable to:			
Equity holders of the parent		**–31.4**	**–4.7**
Earnings per ordinary share in €	E 12	**–0.80**	**–0.13**
Additional dividend rights per preference share in €	E 12	**0.02**	**0.02**
Earnings per preference share in €	E 12	**–0.78**	**–0.11**

* Adjusted

** Other operating income and expenses include the change in impairments on financial assets measured at amortized cost. In accordance with IAS 8, the prior-year figures have been adjusted accordingly.

*** Financial income and financial expenses include the valuation adjustments of financial instruments measured at fair value. In accordance with IAS 8, the prior-year figures have been adjusted accordingly.

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 31 December 2020

in € million	2020	2019
Consolidated profit for the period	**–31.4**	**–4.7**
Exchange difference on translation of foreign operations	1.4	0.3
Reclassification of foreign currency translation differences recognised in the statement of income	–0.4	–
Other comprehensive income, net of tax, potentially to be reclassified to profit or loss in subsequent periods	**1.0**	**0.3**
Actuarial losses (previous year: gains) from defined benefit pension plans	–5.7	–18.1
resulting income tax effect	1.6	5.2
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**–4.1**	**–12.9**
Other comprehensive income, net of tax	**–3.1**	**–12.6**
Total comprehensive income, net of tax	**–34.5**	**–17.3**
Attributable to:		
Equity holders of the parent	**–34.5**	**–17.3**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 31 December 2020

in € million	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Intangible assets	E 1	14.0	13.8
Property, plant and equipment	E 2	522.2	521.9
Right-of-use assets	E 3	26.1	26.0
Investments in joint ventures	E 4	2.6	1.9
Other assets	E 10	0.4	5.7
Other financial assets	E 5	0.2	7.6
Deferred tax assets	E 6	9.5	8.7
Total non-current assets		**575.0**	**585.6**
Current assets			
Inventories	E 7	290.1	280.1
Contract assets	E 9	46.3	38.1
Trade receivables	E 8	115.8	107.7
Current income tax assets		2.1	1.7
Other assets	E 10	11.5	9.0
Other financial assets	E 5	19.3	25.4
Cash and cash equivalents	E 11	71.3	60.8
Total current assets		**556.3**	**522.8**
Total assets		**1,131.3**	**1,108.4**
EQUITY AND LIABILITIES			
Equity			
Subscribed Capital		39.6	39.6
Share premium		219.8	219.8
Retained earnings		213.6	222.2
Share of profit or loss attributable to equity holders of the parent		–31.4	–4.7
Equity attributable to equity holders of the parent	E 12	**441.6**	**476.9**
Total equity	E 12	**441.6**	**476.9**
Non-current liabilities			
Provisions for pensions and similar obligations	E 13	117.5	109.5
Other provisions	E 14	2.8	2.7
Financial liabilities	E 15, E3	462.5	402.9
Other liabilities	E 16	0.1	0.3
Deferred tax liabilities	E 6	1.2	1.1
Total non-current liabilities		**584.1**	**516.5**
Current liabilities			
Other provisions	E 14	24.2	22.3
Current income tax liabilities		1.2	2.8
Financial liabilities	E 15, E3	7.9	7.5
Trade payables		42.0	52.2
Other liabilities	E 16	30.3	30.2
Total current liabilities		**105.6**	**115.0**
Total liabilities		**689.7**	**631.5**
Total equity and liabilities		**1,131.3**	**1,108.4**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

of the Biotest Group for the period from 1 January to 31 December 2020

in € million	Note	2020	2019
Earnings before taxes		–30.0	–1.3
Depreciation, amortisation and impairment of intangible assets, property, plant, equipment and rights of use	E 1; E 2; E 3	29.6	31.7
Reversal of/and impairment of financial assets		–4.7	–
Other non-cash income and expense items		–0.4	–
Losses / Gains from joint ventures	D 9	0.5	–0.1
Losses from the disposal of property, plant and equipment		0.2	0.1
Changes in pension provisions	E 13	1.2	0.9
Financial result	D 7; D 8	28.2	0.2
Operating cash flow before changes in working capital		**24.6**	**31.5**
Changes in other provisions	E 14	2.0	1.2
Changes in inventories, receivables and other assets		–29.9	–44.3
Changes in trade payables and other liabilities		–4.9	–16.2
Cash flow from changes in working capital		**–32.7**	**–59.3**
Interest paid		–6.6	–4.7
Taxes paid		–2.0	–1.1
Cash flow from operating activities		**–16.7**	**–33.6**
Payments for investments in intangible assets and property, plant and equipment		–27.0	–34.1
Proceeds from the disposal of property, plant and equipment		0.1	6.9
Interest received		0.8	0.8
Proceeds from the disposal of other financial assets		11.5	18.4
Cash flow from investing activities		**–14.6**	**–8.0**
Dividend payments for the previous year	E 12	–0.8	–0.8
Proceeds from cash deposit	E 5; E 11	0.2	2.7
Proceeds from the assumption of financial liabilities	E 15	50.0	46.4
Payments for the redemption of financial liabilities	E 15	–2.5	–4.0
Payments for lease liablities		–4.8	–3.8
Cash flow from financing activities		**42.0**	**40.5**
Cash changes in cash and cash equivalents		10.7	–1.1
Exchange rate-related changes in cash and cash equivalents		–0.2	–0.0
Cash and cash equivalents on 1 January	E 11	60.8	61.9
Cash and cash equivalents on 31 December	E 11	**71.3**	**60.8**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 31 December 2020

in € million	Subscribed capital	Share premium	Accumulated differences from currency translation	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of 1 January 2019	**39.6**	**219.8**	**–4.2**	**239.8**	**495.0**	**0.2**	**495.2**
Acquisition of minority interests	–	–	–	–	–	–0.2	–0.2
Gains/losses recognised directly in equity	–	–	0.3	–12.9	–12.6	–	–12.6
Profit for the period	–	–	–	–4.7	–4.7	–	–4.7
Total comprehensive income	**–**	**–**	**0.3**	**–17.6**	**–17.3**	**–**	**–17.3**
Dividend payments	–	–	–	–0.8	–0.8	–	–0.8
As of 31 December 2019	**39.6**	**219.8**	**–3.9**	**221.4**	**476.9**	**–**	**476.9**
As of 1 January 2020	**39.6**	**219.8**	**29.9**	**58.3**	**347.6**	**0.2**	**347.8**
Reclassification to income statement	**–**	**–**	**–0.4**	**–**	**–0.4**	**–**	**–0.4**
Gains/losses recognised directly in equity	–	–	1.4	–4.1	–2.7	–	–2.7
Profit for the period	–	–	–	–31.4	–31.4	–	–31.4
Total comprehensive income	**–**	**–**	**1.0**	**–35.5**	**–34.5**	**–**	**–34.5**
Dividend payments	–	–	–	–0.8	–0.8	–	–0.8
As of 31 December 2020	**39.6**	**219.8**	**–2.9**	**185.1**	**441.6**	**–**	**441.6**

The notes are an integral part of the consolidated financial statements.

NOTES

A. GENERAL INFORMATION

The Biotest Group consists of the parent company, Biotest Aktiengesellschaft (Biotest AG), with its registered office in Dreieich, Germany, and its domestic and foreign subsidiaries. The Group's headquarters are located at Landsteinerstrasse 5, 63303 Dreieich, Germany. Biotest AG is registered in the Commercial Register of the District Court of Offenbach am Main under HRB 42396. Biotest is a provider and developer of biological and biotechnological pharmaceutical products. With a valueadded chain that ranges from preclinical and clinical development to worldwide sales, Biotest specialises primarily in the therapeutic areas of clinical immunology, haematology and intensive care medicine.

The Biotest Group is divided into the segments Therapy, Plasma & Services and Other Segments.

The **Therapy segment** comprises the development and production of blood plasmabased immunoglobulins, clotting factors and albumins, which are used to treat diseases of the immune system, haematological diseases and in intensive care medicine.

The **Plasma & Services segment** includes the areas of plasma sales, toll manufacturing and know-how transfer.

Other Segments include the merchandise business and costs that cannot be allocated to either the Therapy segment or the Plasma & Services segment.

The Biotest Group employed 1,928 staff worldwide as of the reporting date (previous year: 1,837).

The financial statements of Biotest AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are mandatory in the European Union. IFRS include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standing Interpretation Committee (SIC). The accounting of the Biotest Group is prepared in accordance with the IFRS that are to be mandatorily used for the financial years beginning on 1 January 2020.

The consolidated financial statements in their current version comply with the provisions of Section 315e of the German Commercial Code (HGB). These provisions form the legal basis in Germany for consolidated accounting in accordance with international standards in conjunction with Regulation (EC) no. 1606/2002 on the application of International Accounting Standards issued by the European Parliament and Counsel on 19 July 2002.

Unless indicated otherwise, all amounts are stated in million euros (€ million). The financial statements have been prepared in euros.

Due to the presentation in million euros, rounding differences of +/- one decimal place may occur when adding up the amounts shown. The visual indicator "-" means that there is no value for this position. A value of +/- 0.0 indicates that a value is existing but is displayed as 0.0 due to rounding.

The chosen masculine form always refers equally to female or diverse persons. Due to better legibility, we have refrained from using a consistent double designation. The consolidated financial statements were prepared based on the assumption of a going concern.

The Board of Management of Biotest AG prepared the consolidated financial statements and submitted them to the Supervisory Board on 19 March 2021.

CHANGES IN ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied correspond to those of the previous year, with the exception of the following changes.

In order to improve the clarity of the consolidated financial statements, Biotest has aggregated items in the Consolidated Statement of Income. The following changes in presentation have resulted.

Since the 2020 financial year, changes in impairment on financial assets measured at amortized cost have been recognized either in other operating income (Section D 5) or in other operating expenses (Section D 6), depending on the balance. For

the 2020 financial year, they are reported under other operating income. The separate recognition in the previous year was corrected in accordance with IAS 8. For the 2019 financial year, this was reported under other operating expenses.

With this adjustment, Biotest follows the common practice in the industrial sector of not recognizing separately the change in impairments on financial assets measured at amortized cost.

The value adjustments on financial instruments measured at fair value were also reported in a separate line in the financial result in the previous year. Since the 2020 financial year, the individual components have been reported either under financial income (Section D 7) or financial expenses (Section D 8). The separate recognition in the previous year was adjusted by adjusting the items financial expenses and financial income in accordance with IAS 8.

Other standards

The following amended standards and interpretations recognised by the EU had no material effects on the consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Materiality
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform
- Changes to the accounting framework
- Amendments to IFRS 3: Clarifications on the Definition of a Business
- Amendment to IFRS 16: COVID-19-Related Rent Concessions

The IASB has published the standards and interpretations listed below, which were not yet mandatory in financial year 2020. These standards and interpretations have not yet been endorsed by the EU and have not yet been applied by the Group. They are not expected to have a material impact on the Group either:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 4: Extension of the Temporary Exemption from the Application of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 3, IAS 16 and IAS 37; Annual Amendment Procedure 2018-2020
- Amendments to IAS 1 Classification of Liabilities by Maturity

The Group has not opted for early adoption of any standards, interpretations or amendments that have been published but are not yet effective. Biotest intends to implement the aforementioned standards at the time of their mandatory application.

B. SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

B 1 SCOPE OF CONSOLIDATION

The consolidated financial statements of Biotest AG include all material subsidiaries, which consists of three (previous year: three) domestic and 11 (previous year: 12) foreign companies in which Biotest AG directly or indirectly holds the majority of the voting rights.

Biotest Real Estate Corporation, Wilmington (Delaware), USA, was removed from the scope of consolidation in the first quarter of 2020 due to the fact that the company has been liquidated.

The Company held a property in the USA that was sold in 2019. The positive deconsolidation result of Biotest Real Estate Corporation is mainly due to the cumulative differences from currency translation recognised in equity, which were reclassified to the Consolidated Statement of Income in the amount of € 0.4 million.

BioDarou P.J.S. Co., based in Tehran, Iran, is included in the consolidated financial statements at equity as a joint venture.

An overview of Biotest AG's investments as defined by Section 313 (2) HGB is provided in Chapter F 10 List of Shareholdings.

Tiancheng (Germany) Pharmaceutical Holdings AG ("Tiancheng"), Munich, Germany, holds the majority of voting rights in Biotest AG. The Biotest Group is included in the consolidated financial statements of Tiancheng International Investment Limited, Hong Kong, People's Republic of China, which, as the ultimate parent company of the Group, also prepares the consolidated financial statements for the largest consolidated group.

B 2 CONSOLIDATION METHODS

The closing date for Biotest AG and all companies included in the financial statements is 31 December 2020. The financial statements of the consolidated companies were prepared using uniform accounting and valuation methods as prescribed by Biotest AG.

Intragroup sales, expenses and income as well as all receivables and liabilities between consolidated companies have been eliminated.

- power over the investee (i.e. the Group has the ability on the basis of existing rights to direct those activities of the investee that significantly affect its returns),
- a risk burden due to or rights to fluctuating returns from its interest in the investment company, and
- the ability to use its power over the investee in a way that affects the investee's returns.

If the Group does not hold a majority of the voting rights or similar rights in the investee, it takes all facts and circumstances into account in assessing whether it has power over this investee. These include:

- contractual arrangements with other holders of voting rights,
- rights arising from other contractual arrangements,
- voting rights and potential voting rights of the Group.

A subsidiary is consolidated from the date on which the Group acquires control of the subsidiary. It is deconsolidated if the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the reporting period are recognised in the statement of financial position and statement of comprehensive income from the date on which the Group acquires control of the subsidiary until the date on which control is lost.

Any change in the ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. If a parent company loses control of a subsidiary, the associated assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised. Any resulting profit or loss is taken into account in the income statement. Any retained investment is recognised at fair value.

Business combinations entered into after 1 January 2010 are consolidated using the purchase method in accordance with IFRS 3 (revised in 2020). Under this method, the cost of a business combination is measured as the sum of the consideration transferred, measured at fair value on the acquisition date, and the non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or its corresponding share of the identifiable net assets of the acquired company. Costs incurred in connection with the business combination are expensed. The agreed contingent consideration is recognised at fair value on the acquisition date. Subsequent changes in the fair value of contingent consideration representing an asset or liability are recognised either through profit or loss or directly in equity as accumulated other comprehensive income. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for in equity. For successive business combinations, equity in the acquiree previously held by the acquirer is remeasured at fair value at the time of acquisition and the resulting profit or loss is recognised in income.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement.

Investments in joint ventures are recognised using the equity method in accordance with IAS 28. Under the equity method, investments in joint ventures are recognised in the consolidated statement of financial position at cost plus postacquisition changes in the shares held by the Group in the net assets of the company accounted for under the equity method.

The Group's share of the profit or loss of the joint venture is reported separately in profit or loss for the period. Changes recognised directly in the equity of the joint venture are recognised by the Group in the amount of its share and, where appropriate, are presented in the consolidated statement of changes in equity. Goodwill arising on the acquisition of a joint venture is included in the carrying amounts of joint ventures and is neither amortised nor tested for impairment separately.

After applying the equity method, the Group determines whether it is necessary to record an additional impairment on investments in joint ventures. On each reporting date, the Group determines whether objective evidence exists that the investments in a joint venture could be impaired. If this is the case, the difference between the fair value of the investment and the carrying amount of the investment is recognised as an impairment loss in the consolidated statement of income.

B 3 CURRENCY TRANSLATION

The functional currency concept applies to currency translation. The subsidiaries included in the Biotest Group conduct their operations independently and the functional currency of

these companies is therefore the respective local currency. When translating the annual financial statements of the subsidiaries whose functional currency is not the euro, assets and liabilities are translated using the mean rate of exchange prevailing as of the reporting date, and income and expense are translated at the average annual rate. The resulting accumulated differences are recognised directly in a separate item in equity, which is disclosed under retained earnings in the statement of financial position.

In accordance with IAS 21, goodwill as assets of economically independent foreign subsidiaries is translated at the closing rate.

In the reporting period, due to inflationary developments in Iran, the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies were applied for the first time to the joint venture based there. In this context, we refer to our comments in chapter E 4.

The following exchange rates were applied to currency translation within the Biotest Group:

	Average exchange rates		Closing rates	
1 euro equals	**2020**	2019	**31.12.2020**	31.12.2019
USD	1.1413	1.1196	1.2271	1.1234
GBP	0.8892	0.8772	0.8990	0.8508
RUB	82.6454	72.4593	91.4671	69.9563
CHF	1.0703	1.1127	1.0802	1.0854
HUF	351.2050	325.2300	363.8900	330.5300
BRL	5.8900	4.4135	6.3735	4.5157

Monetary items (cash and cash equivalents, receivables and liabilities) denominated in foreign currency in the consolidated companies' individual statements of financial position are recognised in local currency at the closing rate. Income and expense resulting from currency translation are reported as financial expense or financial income.

B 4 INTANGIBLE FIXED ASSETS

A) GOODWILL

Goodwill arises in the acquisition of companies or shares in companies and is the difference between the cost of purchase (purchase price) and the fair values of the assets and liabilities acquired. Goodwill is recognised at the cost of purchase. The goodwill disclosed is tested at least annually for impairment and, if appropriate, written down in accordance with IAS 36. Whenever there is concrete evidence of impairment, an additional test for impairment is performed.

Goodwill is allocated to a group of cashgenerating units. These groups of cashgenerating units are equivalent to the segments and projects of the Biotest Group. In cases where goodwill represents a portion of the cashgenerating unit and a part of the business division of this unit is sold, goodwill attributable to the divested business division is included in the carrying amount of the business division when determining the net income from the sale of the division. The value of the divested portion of goodwill is determined based on the relative values of the divested business and the remaining portion of the cashgenerating unit.

An impairment loss is recognised through profit or loss if the recoverable amount of the asset or the cashgenerating unit is lower than the carrying amount. The recoverable amount is the maximum of fair value, less selling costs and value in use. For the purpose of impairment testing, the allocable future cash flows of the cashgenerating units are used to calculate their value in use on the basis of the discounted cash flow method. Under this method, cash flows are discounted based on multiyear business projections and a longterm growth rate forecast. The growth rate depends on the business under review. The discount rates applied after tax are based on the relevant WACC (Weighted Average Cost of Capital). Any writedowns required are determined by comparing the carrying amount of the cashgenerating unit with the recoverable amount. An appropriate valuation model based on the discounting of future cash flows is used to determine fair value less selling costs. In order to objectify the results, the stock market price of Biotest is used as an indicator for the fair value on the reporting date.

B) OTHER INTANGIBLE FIXED ASSETS

Other intangible assets acquired are recognised at cost and include exclusively assets with a finite useful. Assets with a finite useful life are amortised on a straight line basis over their estimated useful life. If necessary, impairment losses are recognised in accordance with IAS 36. The useful life applied in this case ranges from 3 to 10 years.

The amortisation period and the amortisation method applied to an intangible asset with a finite useful life are reviewed at the end of each financial year at least. If there is a change in the anticipated useful life of the asset or anticipated amortisation period of the asset, another amortisation period or amortisation method is to be selected. Such changes are treated as changes to estimates. Amortisation of intangible assets with a finite useful life is recorded in the statement of income under the expense category corresponding to the function of the intangible asset.

Impairment testing is performed on the basis of future cash flows allocated to the cashgenerating units; to test impairment, their recoverable amount is calculated as the value in use using the discounted cash flow method. Under this method, cash flows are discounted based on multiyear business projections and a longterm growth rate forecast. The growth rate depends on the business under review. The discount rates applied after tax are based on the relevant WACC (Weighted Average Cost of Capital). Any writedowns required are determined by comparing the carrying amount of the cashgenerating unit with the recoverable amount.

B 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised in accordance with the cost of purchase model at the cost of purchase or production cost less accumulated scheduled depreciation and accumulated impairment losses. Depreciation is allocated on a straight line basis over the expected useful life, which is estimated as follows:

Buildings	up to 50 years
Technical equipment and machinery	5 – 12 years
Other, operating and office equipment	3 – 10 years

If necessary, an impairment loss is recognised in accordance with IAS 36. If impairment is indicated, the carrying amounts of property, plant and equipment are compared against the corresponding recoverable amounts.

Production costs for selfconstructed property, plant and equipment include material and personnel costs as well as an appropriate share of overhead costs. Ongoing repair and maintenance expenses are recognised through profit or loss when incurred. Extensions and material improvements are capitalised. Interest on borrowed funds is recognised as an expense provided it is not applicable to the production of qualified assets in accordance with IAS 23. Government grants reduce the costs of purchase or production costs.

B 6 LEASES

A lease is an agreement that transfers the right to use an asset for an agreed period of time in return for payment. The Biotest Group concludes leasing agreements with partners outside the Group only in the function of lessee. Against this background, only the relevant accounting and valuation principles from the lessee's perspective are presented below.

Biotest Group, as the lessee, generally recognises for all leases assets for the rights of use of leased assets and liabilities for the payment obligations assumed at present values in the balance sheet. For those contracts that contain nonleasing components in addition to leasing components, only the leasing components are treated in accordance with the new regulations. Nonleasing components are treated as expenses.

The valuation of lease liabilities includes the following leasing payments:

- Fixed payments (less leasing incentives to be provided by the lessor)
- Variable payments linked to an index or interest rate

Payment obligations arising from residual value guarantees, from the exercise of purchase options deemed reasonably certain and from penalties in the event of termination are not relevant for the Biotest Group's leases.

Lease payments are discounted at the interest rate implicit in the lease if this can be determined. Otherwise they are discounted at the incremental borrowing rate. As the basis for determining the incremental borrowing rate, the Biotest Group used base interest rates appropriate to the term, including premiums for country risks and currency risks.

Rights of use are valued at acquisition cost, which can be broken down as follows:

- lease liability,
- lease payments made at or before deployment, less lease incentives received,
- initial direct costs, and
- dismantling obligations.

Subsequent measurement is at amortised cost. Rights of use are amortised on a straightline basis over the period of the contractual relationship.

For leased assets of low value and for shortterm leases (less than twelve months), use is made of the application facilities and the payments are recognised as expenses in the income statement on a straightline basis. Furthermore, IFRS 16 is not applied to leases of intangible assets.

In general, the Biotest Group uses a planning horizon of five years to determine the term of a lease at the time when the leased asset is made available for use, in order to assess the exercise of termination and extension options. It is therefore generally assumed that renewal or termination options falling within this period can be reliably assessed with reasonable certainty with regard to the extension or noncancellation period due to increasing uncertainty in future forecasts. If a longer lease term is contractually fixed, which may be the case

for material real estate of the Group, the longer lease term is used as the basis.

B 7 IMPAIRMENT

Should facts or circumstances indicate a need for impairment of longlived assets or should an annual impairment test of an asset be required, the recoverable amount, which represents the higher of either the net realisable value or value in use, is determined.

The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows independently (to the greatest extent possible) of cash flows from other assets or other groups of assets.

To determine the value in use, the estimated future cash flows are discounted to their present value at a pretax discount rate reflecting current market expectations with regard to the interest rate effect and the specific risks of the asset.

If the recoverable amount is lower than the carrying amount, the value of the asset is considered impaired and is written down to the recoverable amount.

Impairment expenses are recognised in the expense categories corresponding to the function of the impaired asset.

With the exception of goodwill, writeups up to a maximum of amortised cost are made if estimates for the recoverable amount exceed the carrying amount.

B 8 INVENTORIES

Inventories are recognised at the cost of purchase or production costs or the lower net realisable value as of the reporting date. The latter corresponds to the estimated selling price which may be recovered in the course of ordinary business, reduced by expected completion or selling costs. Production costs are determined using the weighted average method. In addition to directly allocable individual costs, pursuant to IAS 2, production costs include an appropriate share of overhead costs directly allocable to the production process. These are based on the normal capacity of the manufacturing plants excluding costs for borrowed capital.

B 9 TRADE RECEIVABLES AND OTHER ASSETS

Trade receivables and other assets are recognised at their nominal value. Accounts receivable denominated in foreign currencies are translated at the closing rates of the reporting date. Foreign exchange gains or losses are recognised through profit or loss.

B 10 CONTRACT ASSETS

Contract assets from toll manufacturing resulting from the application of the percentage-of-completion method are reported net of prepayments received if the production costs already incurred, including the share of profits, exceed the prepayments received.

B 11 OTHER FINANCIAL ASSETS

Other financial assets are measured at fair value or cost of purchase at the time of initial recognition. In the case of financial assets that are not subsequently measured at fair value through profit or loss, the transaction costs attributable to the acquisition are capitalised. The fair values recognised in the statement of financial position generally correspond to the market prices of the financial assets. Where these are not readily available, fair values are calculated applying recognised valuation models and are based on current market parameters. Already established cash flows or those calculated based on forward rates using the current yield curve are discounted to the reporting date using discount factors determined on the basis of the yield curve applicable on the reporting date. The mean rates are applied.

B 12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and current account balances, cheques and financial investments realisable at short notice with original maturities of less than three months and are recognised at their nominal value.

B 13 PENSION PROVISIONS

The Biotest Group has several defined contribution and defined benefit pension plans.

Commitments under defined contribution plans are determined by contributions to be made in the period, so that in this case no actuarial assumptions are required.

Defined benefit plans are measured on the basis of actuarial opinions in accordance with the projected unit credit method. The pension costs for the financial year are forecasted at the beginning of the financial year based on approaches determined at that time. The included parameters (interest rate,

staff turnover rate, salary increases, etc.) are anticipated values.

All actuarial gains and losses are recognised directly in equity in accordance with IAS 19.

Past service cost arising during a financial year as a result of a retroactive change to pension commitments is recognised immediately and in full.

B 14 OTHER PROVISIONS

In accordance with IAS 37, provisions are recognised when there is a present (legal or constructive) obligation arising out of a past event and it is probable that this will result in an outflow of resources to settle the obligation and a reliable estimate can be made of the outflow of resources. Provisions are measured at the most probable amount. Provisions with an expected time for settlement of more than twelve months after the reporting date are recognised at their present value.

Provisions are discounted using a pre-tax interest rate reflecting the specific risks of the liability. Increases in provisions due to the passage of time are recorded as interest expense.

B 15 FINANCIAL INSTRUMENTS

A financial instrument is a contract which results in a financial asset for one company and a financial liability or equity instrument for another company.

Financial assets comprise cash and cash equivalents, trade receivables, other loans granted and accounts receivable as well as derivative financial assets held for trading.

Financial assets with a term of more than twelve months are reported under non-current financial assets. Purchases or sales of financial assets that are customary in the market are generally recognised on the trade date. Financial assets are classified on the basis of the underlying business model and the so-called cash flow criterion, according to which the contractual cash flows of a financial asset may consist exclusively of interest and repayment on the outstanding principal amount of the financial instrument. The cash flow criterion is always checked at the level of the individual financial instrument. The assessment of the business model relates to the question of how financial assets are managed to generate cash flows. The management can either aim at holding, selling or a combination of both. Loan commitments are not recognized in the balance sheet, but impairments on them are recognized in accordance with general principles.

Classification of financial assets:

The Company classifies financial assets into one of the following categories:

- Financial assets measured at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets measured at amortised cost (debt instruments):

The most significant category of financial assets for the Biotest Group is the class of debt instruments measured at amortised cost. Financial assets are measured at amortised cost if both of the following criteria are met:

- The business model for managing these financial instruments is based on holding them in order to achieve the underlying contractual cash flows and
- the resulting contractual cash flows consist exclusively of interest and principal repayments on the outstanding principal amount.

Financial assets are subsequently measured using the effective interest method and are subject to the impairment provisions of IFRS 9.5.5 et seq. Trade receivables, contract assets, other financial assets and bank balances in the Biotest Group are mainly classified as such.

Financial assets measured at fair value through profit or loss:

This category includes financial assets that are not at least partially held to collect contractual cash flows (other business models). In particular, there is no intention to collect contractual cash flows if short-term purchases and sales are planned. By definition, this category also includes derivatives that are not part of a hedging relationship. Financial assets that do not meet the cash flow criterion are always measured at fair value through profit or loss, irrespective of the underlying business model. Any changes in the fair value to be attributed to these instruments are recognised in the income statement.

Impairment of financial assets:

Financial assets, loan commitments as well as contractual assets are subject to the impairment model within the meaning of IFRS 9.5.5. Financial assets at fair value through profit or loss are excluded from this. Accordingly, the Biotest Group recognises an impairment loss on the assets based on the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows that the Biotest Group expects, measured at present value using the original effective interest rate. The

expected cash flows also include proceeds from security sales and other loan collateral that are an integral part of the respective contract.

Expected credit losses are recognised in three stages unless the simplified impairment model is applied. For assets for which there has been no significant increase in credit risk since initial recognition, the allowance is measured at the expected 12-month credit loss. In the event of a significant increase in the default risk, the expected credit loss is determined for the remaining term of the asset. In the event of a default, an impairment loss is recognized in the amount of the losses actually incurred. The Biotest Group generally assumes a significant increase in credit risk when contractual payments are more than 30 days past due. The Biotest Group defines default as any event in which a loss arises from either a default or a delay. In particular, the bank deposit is valuated according to this scheme.

The Biotest Group applies the simplified approach pursuant to IFRS 9.5.15 for trade receivables and contract assets. Under this approach, the allowance is always measured at the amount of the expected credit loss over the period. The expected losses are measured on an individual basis either by the Biotest Group itself (internal rating) or by an external service provider (external rating). The location of the respective customers is also included in this analysis, particularly for Iran, Iraq and Libya. The assessment of a potential deterioration in the credit quality of the loan portfolio as a result of the COVID-19 pandemic has been included in the calculation of expected credit losses due to the use of forward-looking information by the external service provider is also taken into account when determining the internal rating.

For other financial assets that are measured as debt instruments at amortised cost, the Biotest Group considers all reasonable and reliable information that is available without unreasonable cost and time to review a potentially significantly increased expected credit risk. This is primarily done by relying on the associated credit risk. The expected losses are measured on an individual basis by an external service provider (external rating). The assessment of a potential deterioration in the credit quality as a result of the COVID-19 pandemic has been included in the calculation of expected credit losses due to the use of forward-looking information by the external service provider.

The Biotest Group generally assumes default if the contractual payments are overdue for more than 90 days. In addition, in individual cases, also internal or external information indicating that the contractual payments cannot be made in full is used. Financial assets are impaired if there is no reasonable expectation of future payment.

Financial liabilities:

Financial liabilities regularly give rise to a right of return in cash and cash equivalents or another financial asset. These include in particular bonds and other securitised liabilities, trade payables, contractual liabilities, liabilities to banks, liabilities under finance leases, promissory note loans and liabilities from derivative financial instruments.

Trade payables are initially measured at nominal value, which corresponds to their fair value. Since only current trade payables exist, the effective interest method is not applied in subsequent measurement. Financial liabilities from primary financial instruments are measured at amortised cost using the effective interest method. Financial liabilities from derivative financial instruments for which hedge accounting is not applied are measured at fair value through profit or loss. Financial liabilities are classified as current unless the Group has the unconditional right to defer repayment of the liability until at least twelve months after the balance sheet date.

Financial liabilities are recognised at the loan amount less transaction costs and subsequently measured at amortised cost using the effective interest method. Any difference between the net loan amount and the redemption value is recognised in the income statement over the term of the financial liability. In the case of interest subsidies, the financial liability is recognised at present value without taking the interest subsidy into account. The difference is deferred in accordance with IAS 20 and amortised over the term.

Financial instruments are derecognised when the rights to payments have expired or have been transferred and the Group transfers substantially all the risks and rewards of ownership. Financial assets and liabilities are only netted if there is a right of set-off for the net amount at that time. The Group does not net financial assets and liabilities due to non-compliance with this requirement. The fair value option for financial liabilities under IFRS 9 is not used.

Derivative financial instruments:

The Biotest Group uses derivative financial instruments such as forward exchange contracts and payer swaps to hedge interest rate and currency risks.

Derivative financial instruments are measured at fair value. Both the counterparty credit risk and the Group's own credit default risk are taken into account in the calculation. The market value is calculated on the basis of the market information available and valid on the balance sheet date. The Biotest Group does not apply hedge accounting. Consequently, all derivatives are accounted for in accordance with the measurement category of financial assets or liabilities at fair value

through profit or loss. All changes in the fair value of derivatives are recognised in the income statement, even if they are economically hedged.

Derecognition:

A financial asset is derecognised if one of the following conditions is met:

- The contractual rights to receive cash flows from a financial asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the financial asset from third parties or has assumed a contractual obligation to immediately pay the cash flow to a third party within the framework of a so-called transfer agreement and has either (a) transferred substantially all opportunities and risks associated with ownership of the financial asset or (b) neither transferred nor retained substantially all opportunities and risks associated with ownership of the financial asset, but has transferred control of the asset.

If the Group transfers its contractual rights to receive cash flows from an asset or enters into a transfer agreement and neither transfers nor retains substantially all the risks and rewards of ownership of the asset but retains control of the transferred asset, the Group recognises an asset to the extent of the continuing involvement.

Embedded derivatives:

In addition, there are embedded derivatives that are part of a hybrid loan agreement, which essentially contains a non-derivative host contract. Since the underlying financial liability is measured at amortised cost, the embedded derivative is recognised separately from the host contract and designated at fair value through profit or loss.

B 16 REVENUE

The Biotest Group generates the majority of its revenues from supplying customers with biotechnological drugs from its own production. The product portfolio covers the therapeutic areas haematology, clinical immunology and intensive care medicine. As a rule, the sale of products is based on customer orders, each of which gives rise to individually definable performance obligations. The relevant ancillary conditions are governed by framework agreements or general terms and conditions. Revenue is recognised when control of the products is transferred to the customer. This is the point in time at which the benefits and burdens as well as the risk of accidental loss are transferred to the customer on the basis of the agreed Incoterms. An individual selling price agreed with the respective customer exists for each drug delivered. In some cases, Biotest grants discounts in the form of rebates and cash discounts in the form of a fixed percentage of the agreed individual sales price. Rebates and discounts are recorded as sales deductions.

In addition, the Biotest Group generates revenues from the processing of blood plasma, which is provided by customers and processed into drugs by Biotest (so-called toll manufacturing). The drugs manufactured are supplied exclusively to the customer who provided the plasma used for this purpose. Biotest is remunerated exclusively for the processing of the plasma remaining the property of the customer. Since Biotest is not entitled to use the processed plasma for other purposes, revenues from toll manufacturing are recognised on a period basis. Pharmaceuticals manufactured as part of toll manufacturing are recognised as contract assets over the production period until delivery to the customer. Biotest uses an input-based method to measure contract assets, by which the services rendered, including the related share of profit, are determined on the basis of the stage of completion and recognised as revenue. To determine the stage of completion, all internal and external production costs incurred during the manufacturing process are set in relation to the calculated total costs (cost-to-cost method). The method used provides an accurate picture of the transfer of the services provided by Biotest, as Biotest is likely to charge the capitalised amount in the event of premature termination of the contract by the customer.

To a small extent, the Biotest Group generates revenues from the sale of purchased products that are resold to customers as merchandise. The same criteria apply to the recognition of sales of merchandise as for therapy products manufactured in-house.

Biotest has entered into technology and know-how transfer agreements with individual customers to enable them to build their own drug manufacturing facilities based on Biotest patents. In this context, Biotest arranges for them to pay a fixed price for the technologies and know-how provided. On the other hand, licence fees are charged for the drugs produced and sold by the customers in the form of a turnover-dependent licence rate. Depending on contract terms, revenues from non-refundable fees for the provision of technology and know-how are recognised over the period in which the technology and know-how are transferred to the customer or at a specific point in time. Revenues from revenue-based license fees for the provision of technology and know-how are recognised when the technology and know-how transfer associated with the license has been completed and the customer's revenues to be used to calculate the license fees have been generated.

The Biotest Group usually concludes framework agreements with its customers in which pharmaceutical quality and safety standards are regulated in addition to delivery and payment terms and liability for defects. In the case of some customers, these terms and conditions are governed solely by the Biotest Group's General Terms and Conditions. The framework agreements do not create any binding delivery and service obligations; these are only triggered by specific orders from customers.

The Biotest Group has agreed variable payments with some customers in the form of annual reimbursements, for which the percentage applied for the reimbursement varies depending on the sales volumes achieved over the year. For such variable payments, the Biotest Group makes estimates in order to determine the expected amount of the reimbursement. These estimates are not subject to significant risks of change. Obligations from annual reimbursements are recognized together with credits and rebates yet to be invoiced as other liabilities.

The framework agreements concluded with customers and the general terms and conditions provide for the usual guarantees and warranty obligations that arise when the products delivered to the customer are defective. In such a case, Biotest takes the products back and offers the customer either a subsequent delivery or a refund of the purchase price. The guarantees granted by Biotest do not give rise to any independent performance obligations within the meaning of IFRS 15. Obligations arising from guarantees and warranties are measured in accordance with IAS 37 and reported under other provisions (E 14).

B 17 RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as expenses at the time incurred. Development costs are also generally recorded as expenses at the time incurred, as it is not sufficiently certain that products will be marketable or that production processes can be used until they have been approved by the authorities, and such authorisation is typically granted only at the end of the development process. Therefore, the requirements for capitalisation pursuant to IAS 38 are not met entirely. Development expenses incurred after approval is received by the authorities are not substantial.

B 18 GOVERNMENT GRANTS

Government grants are recognised if there is reasonable assurance that the grant will be received and the entity will comply with any attached conditions. Cost-based grants are recognised systematically as income over the same period as the related costs intended to compensate them. Grants for an asset are recognised through profit and loss over the estimated useful life of the respective asset, respectively deducted from acquisition costs.

B 19 FINANCIAL INCOME AND FINANCIAL EXPENSES

Interest is recognised as expense or income at the time incurred. The interest component of lease payments under leasing contracts is determined using the effective interest rate method and recognised as interest expense. The effective interest rate method uses the rate that discounts the future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset. All income and expenses arising from currency translation are recognised in the financial result. In accordance with IFRS 7, interest on financial instruments is also reported separately.

Expenses and income from currency hedging and interest hedging costs are shown in financial income and financial expenses.

B 20 TAXES

Actual tax assets and tax liabilities for the current period and for earlier periods are to be measured at the amount of the expected refund from or payment to the tax authorities. The amount is calculated based on tax rates and tax legislation reflecting the respective national tax regulations of the countries in which Biotest Group companies operate.

Deferred tax assets are recognised for all deductible temporary differences, so far unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and so far unused tax loss carryforwards and tax credits can be offset.

The carrying amount of deferred tax assets is reviewed on each reporting date and reduced by the amount by which it is no longer probable that sufficient taxable income will be available to at least partially offset the deferred tax asset. In addition, unrecognised deferred tax assets are reviewed on each reporting date and recognised to the amount to which it has become probable that future taxable income will allow the deferred tax asset to be realised.

Current tax rates or rates already adopted by parliament are used to determine both current tax expense and deferred taxes.

Deferred tax assets and deferred tax liabilities are offset against each other if there are enforceable claims for offsetting actual tax refund claims against actual tax liabilities and these claims apply to income taxes of the same tax subject levied by the same tax authority.

B 21 DETERMINATION OF FAIR VALUE

The Group measures financial instruments, for example derivatives, at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are shown in Section F 3 Determination of fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, in an arm's length transaction on the measurement date. In determining the fair value, it is assumed that the transaction under which the asset is sold or the liability is transferred occurs in either

- the principal market for the asset or liability, or
- the most advantageous market for the asset or liability in the absence of a principal market.

The Group must have access to the principal market or most advantageous market.

The fair value of an asset is measured based on assumptions that market participants would use when pricing the asset or liability. This assumes that market participants act in their best economic interests.

The measurement of a non-financial asset's fair value must reflect the market participant's ability to generate economic benefits through the highest and best use of the asset or through its sale to another market participant who finds the highest and best use for the asset.

The Group uses valuation techniques that are appropriate in the prevailing circumstances and for which sufficient data is available for determining the fair value. The use of crucial observable inputs is to be kept as high as possible and that of unobservable inputs as low as possible.

The financial instruments carried at fair value in the statement of financial position must be assigned to a three-level fair value measurement hierarchy in accordance with IFRS 13.72. The level reflects the proximity to the market of the data used to calculate fair value. Fair value hierarchy levels are described below:

Level 1: quoted prices for identical assets or liabilities on active markets

Level 2: information other than quoted prices that is directly (such as prices) or indirectly (such as derived from prices) observable

Level 3: information on assets and liabilities that is not based on observable market data

For assets and liabilities recognised in the financial statements on a recurring basis, the Group determines whether reclassifications between the hierarchy levels have occurred by reviewing the classification (based on the input parameter of the lowest level significant to measurement at fair value) at the end of each reporting period.

In order to meet the fair value disclosure requirements, the Group has established groups of assets and liabilities based on their nature, characteristics and risks as well as on the fair value hierarchy levels explained above.

B 22 UNCERTAIN ESTIMATES AND DISCRETIONARY JUDGEMENTS

Preparation of the financial statements requires certain estimates to be made as part of the recognition and measurement of assets and liabilities under IFRS. These estimates affect the amount and disclosure of assets and liabilities and income and expenses recognised during the reporting period. Estimates and assumptions represent judgements by the management. These are reviewed on an ongoing basis. Changes are prospectively recognised in the reporting period or in future periods. Assumptions and estimates are made particularly in connection with the measurement of goodwill, deferred tax assets, pension provisions and other provisions, allowances for bad debt and inventories, the derecognition of receivables under factoring agreements, determining the term and recognition of leases, determining the incremental borrowing rate for leases, the determination of fair values as well as in the context of the application of IAS 29 Financial Reporting in Hyperinflationary Economies. There are also uncertain estimates in relation to the "Biotest Next Level" investment project. For example, the planned granting of operating licences by domestic and foreign authorities and the completion of agreed work by suppliers employed in connection with the investment project constitute future events that involve uncertain estimates. The allowances for receivables in countries subject to sanctions by the European Union are estimated on the basis of future expected payment defaults and are therefore also subject to estimation uncertainties. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that sufficient taxable income will be available in the near future. In exercising the discretion to capitalise deferred tax assets, both the amount of future taxable

income and the expected timing of consumption are taken into account.

Biotest's management makes discretionary judgements in the context of revenue recognition to determine the timing of the settlement of performance obligations and the allocation of the transaction price.

According to Biotest's analysis, a long-term framework agreement concluded by Biotest AG for plasma supplies does not include a lease because it doesn't entitle Biotest AG to control the use of the supplier's assets for a certain period in return for payment of a fee. In the opinion of management, this is due to the fact that Biotest AG can neither determine the design of these assets nor does it have the right to use them in a manner determined by Biotest AG during the entire period of use.

In making judgements, the management relies on past experience, assessments by experts (lawyers, rating agencies, trade associations) and the results of a careful weighting of different scenarios. Developments that deviate from these assumptions and are beyond the management's control may cause actual amounts to differ from original estimates. If actual developments deviate from anticipated developments, assumptions and, if necessary, the carrying amounts of the assets and liabilities in question are adjusted accordingly. The management has indicated that future events often vary from forecasts and that estimates require routine adjustment.

In view of uncertainties in the macroeconomic environment caused by the COVID-19 pandemic, the key assumptions underlying the estimates and discretionary judgements were reviewed with regard to their potential impact. Thus, possible effects of the COVID-19 pandemic were, on the one hand, included in the considerations made when preparing the goodwill impairment test and, on the other hand, taken into account accordingly when determining the impairments in the case of possible payment defaults in the receivables area. The key assumptions and parameters underlying the estimates and judgements made as well as the impact of the COVID-19 pandemic are explained in the notes for each topic.

C. SEGMENT REPORTING

The information disclosed in the segment report has been prepared in accordance with IFRS 8. Segmentation at the Biotest Group is carried out on the basis of products and services in accordance with the internal reporting system. At Biotest AG, the chief operating decision maker within the meaning of IFRS 8 is the Board of Management.

Segment information made available to the chief operation decision maker in the course of the year is based on IFRS amounts and primarily comprises information up to and including operating result (EBIT). EBIT is used as a measure of segment performance.

The Biotest Group is divided into the following segments: Therapy, Plasma & Services and Other Segments.

The business segments of the Biotest Group are as follows:

The Therapy segment essentially includes plasma proteins and biotherapeutics. It therefore comprises the development, production and distribution of blood plasma-derived immunoglobulins, clotting factors and albumins, which are used for diseases of the immune system, haematological diseases and in intensive care medicine. It also includes the preclinical and clinical development of monoclonal antibodies.

The Plasma & Services segment includes the areas of plasma sales, toll manufacturing and know-how transfer.

Other Segments is a reporting segment divided into an operationally active merchandise business segment and a non-operational Corporate segment. Expenses for the overall management of the Group as well as other income and expenses, which by their nature cannot be allocated to the Therapy or Plasma & Services segments, are combined under Corporate.

Biotest achieved revenue of € 62.1 million with an important customer in the Therapy and Plasma & Services segments, representing 12.8 % of total revenue with third parties. In the previous year, revenue with this customer was below 10 %. The Biotest Group currently receives income from service agreements with Bio-Rad Medical Diagnostics GmbH, Dreieich, for a previously sold business division. The income and expenses from these service contracts are disclosed in the current financial year under Other Segments.

SEGMENT INFORMATION BY BUSINESS SEGMENT

in € million		Therapy	Plasma & Services	Other Segments	Total
Revenue with third parties	2020	430.5	46.7	7.0	**484.2**
	2019	371.9	39.5	7.7	419.1
Operating result (EBIT)	2020	–1.6	2.6	–2.3	**–1.3**
	2019	0.5	1.0	–2.7	–1.2
Investments in joint ventures	2020	2.6	–	–	**2.6**
	2019	1.9	–	–	1.9
Capital expenditure*	2020	32.6	–	–	**32.6**
	2019	50.4	–	0.7	51.1
Scheduled depreciation**	2020	26.9	0.7	2.0	**29.6**
	2019	26.3	3.3	2.1	31.7

* Defined as the sum of additions to intangible assets, property, plant and equipment and right-of-use assets

** Defined as the sum of scheduled depreciation of property, plant and equipment, amortisation of intangible assets and right-of-use assets

RECONCILIATION OF TOTAL SEGMENT RESULTS TO EARNINGS AFTER TAX OF THE BIOTEST GROUP

in € million	2020	2019*
Operating result (EBIT)	–1.3	–1.2
Financial income**	6.9	17.8
Financial expenses**	–35.1	–18.0
Result from joint ventures	–0.5	0.1
Earnings before taxes (EBT)	**–30.0**	**–1.3**
Income taxes	–1.4	–3.4
Earnings after taxes (EAT)	**–31.4**	**–4.7**

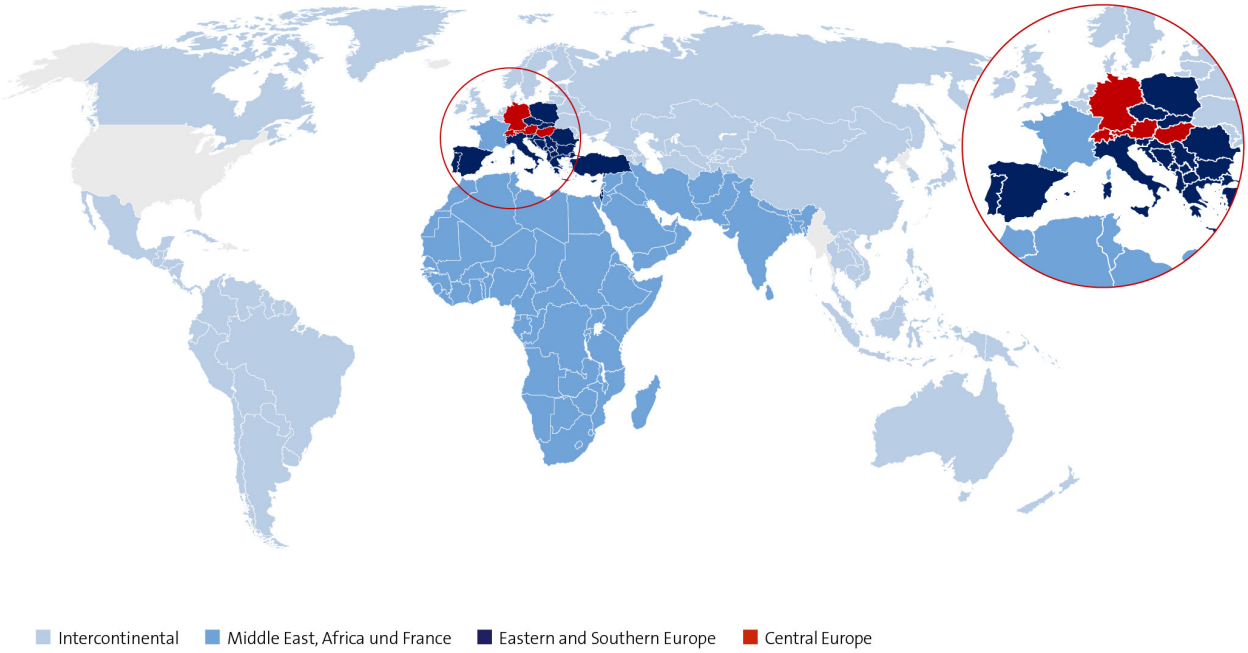
* Adjusted

** Financial income and financial expenses include valuation adjustments on financial instruments measured at fair value. The previous year's figures have been adjusted accordingly pursuant to IAS 8.

SEGMENT INFORMATION BY REGION

	Revenue with third parties based on customer's seat		Revenue with third parties based on company's seat	
in € million	2020	2019	2020	2019
Central Europe	174.9	173.5	431.6	364.6
East and South Europe	116.5	85.2	23.7	22.4
Intercontinental	83.9	82.6	28.9	32.1
Middle East, Africa and France	109.0	77.8	–	–
Biotest Group	**484.2**	**419.1**	**484.2**	**419.1**
thereof:				
Germany	126.5	117.4	400.4	331.6
Rest of world	357.7	301.7	83.8	87.5

There was no significant trade between the individual segments.



D. EXPLANATORY NOTES TO THE STATEMENT OF INCOME

D 1 REVENUE

ANALYSIS OF REVENUES FROM CONTRACTS WITH CUSTOMERS

To illustrate the impact of economic factors on the nature, amount, timing and uncertainty of revenues and the cash flows generated from them, Biotest Group revenues can be classified into the following categories:

in € million							**Segments**	
Categories	Therapy		Plasma & Services		Other Segments		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Type of products and services								
Sale of Biotest products	430.5	371.9	–	–	–	–	430.5	371.9
Toll manufacturing and know-how transfer	–	–	46.7	39.5	–	–	46.7	39.5
Sale of merchandise	–	–	–	–	7.0	7.7	7.0	7.7
	430.5	**371.9**	**46.7**	**39.5**	**7.0**	**7.7**	**484.2**	**419.1**
Geographical markets								
Central Europe	154.6	152.8	13.3	13.0	7.0	7.7	174.9	173.5
East and South Europe	113.4	80.0	3.1	5.2	–	–	116.5	85.2
Intercontinental	83.9	82.6	–	–	–	–	83.9	82.6
Middle East, Africa and France	78.6	56.5	30.4	21.3	–	–	109.0	77.8
	430.5	**371.9**	**46.7**	**39.5**	**7.0**	**7.7**	**484.2**	**419.1**
Timing of revenue recognition								
Goods transferred at a point in time	430.5	371.9	–	–	7.0	7.7	437.5	379.6
Services transferred over a period of time	–	–	46.7	39.5	–	–	46.7	39.5
	430.5	**371.9**	**46.7**	**39.5**	**7.0**	**7.7**	**484.2**	**419.1**

The Biotest Group's order volume from unfulfilled delivery and service obligations amounted to € 89.2 million on the balance sheet date (previous year: € 105.0 million). These delivery and service obligations are generally fulfilled within a maximum period of one year. Additional performance obligations of € 9.9 million (previous year: € 12.9 million) result from the future transfer of technology and know-how; these proceeds will be realised over a period of at least three years.

During the course of business, restrictions were felt worldwide due to the measures to contain the COVID-19 pandemic. Among other things, these manifested themselves in the limited availability of current and potential customers. In some countries, postponed surgeries and transplantations, as well as fewer hospital outpatients, resulted in lower demand for immunoglobulins and hyperimmunoglobulins. Despite this, all of Biotest's geographical markets recorded revenue growth in financial year 2020.

D 2 COST OF MATERIALS

in € million	**2020**	2019
Raw materials, consumables and supplies	203.7	197.4
Services purchased	35.6	32.5
	239.3	**229.9**

The increase in material expenses is due to the increase in revenue and plasma purchase prices in 2020.

D 3 PERSONNEL EXPENSES

in € million	2020	2019
Wages and salaries	129.2	118.3
Social security contributions	22.3	21.3
Pension costs	6.3	4.8
	157.8	**144.4**

Personnel expenses include expenses for termination benefits in the amount of € 0.6 million (previous year: € 1.8 million).

The average number of employees converted to full-time equivalents in financial year 2020 was 1,896 (previous year: 1,800). As of 31 December 2020 the Biotest Group employed 1,928 staff converted to full-time equivalents (previous year: 1,837).

Employees are allocated to the following functional areas:

in full-time equivalents	2020	2019
Production	1,323	1,245
Administration	193	193
Distribution	199	195
Research and development	213	204
	1,928	**1,837**

D 4 RESEARCH AND DEVELOPMENT COSTS

Research and development costs totalling € 55.8 million (previous year: € 53.4 million) are recognised in full in the consolidated statement of income. No development costs were capitalised.

D 5 OTHER OPERATING INCOME

in € million	2020	2019*
Insurance reimbursements and other refunds	0.2	11.0
Govermant grants	0.1	0.8
Income from service agreements	5.6	0.6
Reversal of other provisions	0.1	0.6
Change in impairments on financial assets measured at amortised cost	1.0	–
Other	1.7	0.5
	8.6	**13.5**

*Adjusted

In financial year 2020, the change in impairment losses on financial assets measured at amortised cost is reported in other operating income. This includes income from premature repayment of a loan that has been partially impaired in the amount of € 4.7 million, further changes in impairment in the amount of € -3.3 million and the loss allowance of a loan commitment recognized as a provision in the amount of € -0.4 million. Furthermore, Biotest AG received a payment of € 5.0 million from an out-of-court settlement with a former supplier. The payment represents compensation due to the premature termination of a joint project. The payment is included in other operating income under income from service agreements.

In the previous year, insurance income and other reimbursements mainly included a one-time refund for the removal of impurities and defects in the media systems in the amount of € 10.5 million.

In financial year 2020, the Biotest Group recognised government grants of € 0.1 million (previous year: € 0.8 million) in profit and loss.

D 6 OTHER OPERATING EXPENSES

in € million	2020	2019*
Expenses incurred in connection with provision of services	4.8	2.1
Donations	0.3	0.3
Impairment sales licnece	–	2.6
Change in impairments on financial assets measured at amortised cost	–	2.8
Other	0.8	1.3
	5.8	**9.1**

*Adjusted

In the previous year, the change in impairment losses on financial assets measured at amortised cost was reported in a separate line item in the Consolidated Statement of Income. This disclosure was adjusted in the financial year in accordance with IAS 8 by reclassifying this item to other operating expenses. As a result, other operating expenses increased by € 2.8 million in 2019.

The increase in expenses for the provision of services is mainly due to additions to other provisions.

The previous year's depreciation is related to a previously unused distribution licence in the amount of € 2.6 million.

D 7 FINANCIAL INCOME

in € million	2020	2019*
Income from currency translation	1.4	2.3
Interest income	1.2	1.2
Other	–	0.7
Subtotal	**2.6**	**4.2**
Income from value adjustments of surrender claim against trustee from the sale of shares in ADMA Biologics Inc.	–	12.8
Currency hedging income	4.2	0.7
Income from value adjustments of other derivatives	–	0.1
Subtotal of income from fair value adjustments on financial instruments measured at fair value	**4.2**	**13.6**
	6.9	**17.8**
Thereof financial instruments of measurement categories:		
Income from financial assets at fair value through profit or loss (FAFVtPL)	2.1	14.8
Income from financial liabilities at fair value through profit or loss (FLFVtPL)	2.1	0.6
Financial assets measured at amortised cost (AC)	0.8	1.3
Financial liabilities measured at amortised cost (FLAC)	–	0.4

*Adjusted

Income from currency translation includes income from realised foreign exchange gains in connection with foreign currency receivables and payables and income from the measurement of foreign currency positions as of the reporting date.

The income from currency hedging includes income from the measurement of currency hedging transactions at fair value.

In the previous year, the value adjustments on financial instruments measured at fair value in the amount of € 10.3 million were reported in a separate line under net financial income/expenses. This disclosure was corrected in the financial year in accordance with IAS 8 by adjusting the financial expenses and financial income items accordingly in 2019. Financial expenses have thus increased by € 3.3 million and financial income by € 13.6 million in 2019.

D 8 FINANCIAL EXPENSES

in € million	2020	2019*
Currency translation expenses	10.1	2.1
Interest expenses	12.6	8.5
Interest expenses from leases	0.5	0.6
Net interest expenses for pensions	1.1	1.6
Early repayment penalties and waiver fees	–	0.1
Fees in connection with financial liabilities	2.7	1.8
Other	0.1	–
Subtotal	**27.1**	**14.7**
Expenses from value adjustments of surrender claim against trustee from shares in ADMA Biologics Inc.	7.0	–
Currency hedging costs	0.9	3.3
Expenses from value adjustments of other derivatives	0.1	–
Subtotal of expenses from fair value adjustments on financial instruments measured at fair value	**8.0**	**3.3**
	35.1	**18.0**
Thereof financial instruments of measurement categories:		
Expenses from financial assets at fair value through profit or loss (FAFVtPL)	7.5	2.9
Expenses from financial liabilities at fair value through profit or loss (FLFVtPL)	0.5	2.3
Financial assets measured at amortised cost (AC)	4.2	0.9
Financial liabilities measured at amortised cost (FLAC)	12.5	10.7

*Adjusted

Expenses from currency translation include expenses from realised foreign exchange losses in connection with foreign currency receivables and payables as well as expenses from the valuation of foreign currency positions as at the balance sheet date.

Interest expenses include interest in the amount of € 7.3 million for shareholder loans (previous year: € 7.3 million).

The change in financial expenses results, among other reasons, from the expenses arising from value adjustments of the surrender claim against the trustee of shares in ADMA Biologics Inc. in the amount of € 7.0 million, which were reported under financial income in the amount of € 12.8 million in the previous year, as well as from the increase in expenses from currency translation of € 8.0 million and from the increase in interest expenses of € 4.1 million.

The reported expenses from currency hedging include expenses from the fair value measurement of currency hedging transactions.

In the previous year, the value adjustments on financial instruments measured at fair value were reported in a separate line under net financial result in the amount of € 10.3 million. This disclosure was corrected in the financial year in accordance with IAS 8 by adjusting the financial expenses and financial income items accordingly in 2019. Financial expenses have thus increased by € 3.3 million and financial income by € 13.6 million in 2019.

D 9 RESULT FROM JOINT VENTURES

Losses of € -0.5 million (previous year: gains of € 0.1 million) from joint ventures were recognised in financial year 2020.

With regard to the effects of the first-time application of IAS 29 Financial Reporting in Hyperinflationary Economies, we refer to the comments in E 4.

D 10 INCOME TAXES

in € million	2020	2019
Taxes for the financial year	1.0	1.2
Tax income from other periods	–0.6	–1.3
Current taxes	**0.4**	**-0.1**
Deferred taxes	**1.0**	**3.5**
Income tax expenses	**1.4**	**3.4**

Deferred taxes from items credited directly to equity amounted to € 1.6 million (previous year: € 5.2 million).

The tax income relating to other periods pertains to tax refunds in connection with the termination of the mutual agreement procedure between the Italian and German tax authorities. For financial year 2020, the expected tax expense assuming an unchanged nominal income tax rate of 29.0% differs from the effective figures as follows:

in € million	2020	2019
Earnings before taxes	**–30.0**	**–1.3**
	–	–
Expected tax income	**–8.7**	**–0.3**
Unrecognised interest/tax loss carryforwards	7.7	4.4
Tax effects from the application of foreign tax rates and offsetting against tax losses	0.8	0.1
Deferred taxes on loss carryforwards from previous years	–0.2	–
Depreciation of deferred tax assets	–	0.6
Current tax income relating to other periods	–0.6	–1.3
Tax effect of adjustments to deferred taxes from previous years	0.5	–
Tax effect of non-deductible expenses	2.1	0.1
Tax effect of tax-free income	–0.3	–
Other effects	0.1	–0.2
Income tax disclosed in the statement of income	**1.4**	**3.4**

An amount of € 1.8 million included in the tax effect of non-deductible expenses results from the value adjustments of surrender claim against the trustee of shares in ADMA Biologics Inc.

The calculated tax rate of 29.0% is based on a corporate tax rate of 15.0%, a solidarity surcharge of 5.5% and the weighted trade tax rates of the municipalities of Biotest AG's business premises of 13.2%.

As part of the corona aid package, income taxes for 2019 and the first advance tax payment for 2020 were waived for the Italian subsidiary. The waiver amounts to a total of € 0.1 million.

D 11 AUDITOR'S FEE

On 8 May 2020, the Annual General Meeting of Biotest AG elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditor for financial year 2020.

The total fee paid to the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in financial year 2020 amounted to € 0.7 million (previous year: € 1.0 million), of which € 0.2 million (previous year: € 0.3 million) relates to the previous year. The fee of € 0.6 million (previous year: € 0.9 million) relates to the audit of the financial statements, of which € 0.2 million (previous year: € 0.3 million) relates to the previous year. Furthermore, € 0.1 million (previous year: € 0.0 million) relate to other consulting services and € 0.1 million (previous year: € 0.1 million) relate to fees for tax consulting services.

Of the total fee calculated, € 0.1 million (previous year: € 0.0 million) is attributable to special audits initiated by the parent

company of Biotest AG which were invoiced to the parent company.

E. EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

E 1 INTANGIBLE ASSETS

All intangible assets are allocated to non-current assets.

in € million	Goodwill	Patents, licenses and similiar rights	Leased assets	Advance payments made	Total
Cost of purchase					
Balance as of 31 December 2018	**8.0**	**20.0**	**9.6**	**5.5**	**43.1**
Additions	–	1.6	–	0.3	1.9
Reclassifications	–	10.8	–9.6	–1.2	0.0
Disposals	–	–	–	–	–
Currency translation differences	–	–	–	–	–
Balance as of 31 December 2019	**8.0**	**32.4**	**–**	**4.6**	**45.0**
Additions	–	0.6	–	1.4	1.9
Reclassifications	–	0.7	–	–0.7	–
Disposals	–	–2.6	–	–2.6	–5.2
Currency translation differences	–0.2	–0.2	–	–	–0.4
Balance as of 31 December 2020	**7.7**	**31.0**	**–**	**2.6**	**41.3**
Accumulated depreciation					
Balance as of 31 December 2018	**0.8**	**16.3**	**9.6**	**–**	**26.7**
Depreciation's for the financial year	–	1.8	–	2.6	4.4
Reclassifications	–	9.6	–9.6	–	–
Currency translation differences	–	0.1	–	–	0.1
Balance as of 31 December 2019	**0.8**	**27.8**	**–**	**2.6**	**31.2**
Depreciation for the financial year	–	1.7	–	–	1.7
Reclassifications	–	–	–	–	–
Disposals	–	–2.6	–	–2.6	–5.2
Currency translation differences	–0.2	–0.2	–	–	–0.4
Balance as of 31 December 2020	**0.6**	**26.7**	**–**	**–**	**27.3**
Carrying amount as of					
31 December 2019	7.2	4.6	–	2.0	13.8
31 December 2020	**7.2**	**4.3**	**–**	**2.6**	**14.0**

An impairment test was performed as of 30 September 2020 for the goodwill of the Therapy segment.

The recoverable amount of the cash-generating unit is determined by calculating the value in use based on cash flow forecasts. Finally, in order to determine any need for impairment, the carrying amount of the cash-generating unit is compared to its recoverable amount.

A discount rate before tax of 11.49% (previous year: 12.35%) was applied for the impairment test of the goodwill of the Therapy segment, which is based on the relevant WACC (weighted average cost of capital). The expected cash flows were determined on the basis of the five-year financial plan prepared by the management. For the contribution to value from 2026 onwards, it is supplemented by perpetual annuities. Perpetual annuities are calculated on the basis of the average values for the years 2021 to 2025. A growth rate of +0.5% (previous year: +0.5%) was assumed for the Therapy segment in perpetual annuities.

The results of the impairment test essentially depend on the revenue growth rates and the EBIT margin assumed in business planning. An average annual decline in revenue of -0.5% has been assumed for the Therapy segment for the detailed planning period. An average EBIT margin of 18.1% is assumed. Management does not expect the expected cash flows of the

cash-generating unit to be significantly impacted by the COVID-19 pandemic.

The impact of changes in average revenue growth, the EBIT margin, the growth rate and the discount factor applied was determined by means of sensitivity analyses. None of the scenarios results in a need for impairment of goodwill.

Parameter	**Therapy segment**	
	Planning	Scenario
Revenue growth	-0.5%	-1.4%
EBIT margin	18.1%	16.9%
Discount factor after taxes	8.4%	9.4%
Growth rate	0.5%	-0.5%

The carrying amounts of intangible assets subject to an impairment test in the amount of € 7.2 million (previous year: € 7.2 million) refer to the cash-generating unit Therapy.

Amortisation of intangible assets in the financial year is included in the following items of the consolidated statement of income:

in € million	**2020**	2019
Cost of sales	0.7	0.4
Marketing and distribution costs	–	0.1
Administrative expenses	0.9	1.2
Research and development costs	0.1	0.1
Other operating expenses	–	2.6
	1.7	**4.4**

E 2 PROPERTY, PLANT AND EQUIPMENT

All assets listed below are allocated to non-current assets

in € million	Land and buildings	Technical equipment and machinery	Other facilities, office furniture and equipment	Leased assets	Advance payments made and assets under construction	**Total**
Acquisition / production costs						
Balance as of 31 December 2018	**305.4**	**154.0**	**92.4**	**4.6**	**205.5**	**761.9**
Reclassification to the item rights of use due to first-time application of IFRS 16	–	–	–	–4.6	–	–4.6
Additions	4.5	1.2	4.3	–	26.0	36.0
Reclassifications	–	0.5	2.2	–	–2.7	–
Disposals	–	–0.2	–3.8	–	–1.2	–5.2
Currency translation differences	–0.1	–	–	–	–	–0.1
Balance as of 31 December 2019	**309.8**	**155.5**	**95.1**	**–**	**227.6**	**787.9**
Additions	1.9	1.4	4.9	–	16.4	24.6
Reclassifications	1.0	1.5	3.6	–	–6.1	–
Disposals	–0.6	–0.6	–0.9	–	–0.8	–2.9
Currency translation differences	–0.7	–0.5	–0.2	–	–0.0	–1.5
Balance as of 31 December 2020	**311.4**	**157.2**	**102.4**	**–**	**237.0**	**808.1**
Accumulated depreciation						
Balance as of 31 December 2018	**75.0**	**103.5**	**69.2**	**1.5**	**–**	**249.2**
Reclassification to the item rights of use due to first-time application of IFRS 16	–	–	–	–1.5	–	–1.5
Depreciation for the financial year	9.2	8.3	5.3	–	–	22.8
Disposals	–	–0.2	–3.8	–	–	–4.0
Currency translation differences	–0.4	–	–	–	–	–0.4
Balance as of 31 December 2019	**83.8**	**111.6**	**70.7**	**–**	**–**	**266.1**
Depreciation for the financial year	9.3	7.7	5.3	–	0.8	23.1
Reclassifications	–	–	–	–	–	–
Disposals	–0.4	–0.6	–0.9	–	–0.8	–2.7
Currency translation differences	–0.2	–0.3	–0.1	–	–	–0.6
Balance as of 31 December 2020	**92.4**	**118.4**	**75.0**	**–**	**–**	**285.9**
Carrying amount as of						
31 December 2019	226.0	43.9	24.4	–	227.6	521.9
31 December 2020	**219.0**	**38.8**	**27.4**	**–**	**237.0**	**522.2**

Advance payments in financial year 2020 mainly include capital expenditure incurred as part of the expansion of capacity at the Dreieich site.

Investments for the expansion of production capacity (Biotest Next Level) amounted to € 13.0 million in financial year 2020 (previous year: € 25.8 million). Additions to property, plant and equipment include borrowing costs in the amount of € 1.5 million (previous year: € 1.5 million).

The financing cost ratio used for cost of debt remained at 2.5% unchanged to previous year.

The Biotest Group had entered into commitments to acquire fixed assets in the amount of € 3.9 million as of 31 December 2020 (previous year: € 10.0 million).

Depreciation of property, plant and equipment for the financial year is included in the following items in the consolidated statement of income:

in € million	2020	2019
Cost of sales	16.5	16.3
Marketing and distribution costs	1.0	0.2
Administrative expenses	5.1	5.9
Research and development costs	0.5	0.4
	23.1	**22.8**

E 3 LEASES

The following table shows the carrying amounts of the right-of-use assets recognised in the balance sheet and their changes during the financial year. All rights-of-use assets listed below are allocated to non-current assets.

in € million	Rights of use for buildings	Rights of use for motor vehicles	Rights of use of other equipment, furniture and fixtures	**Total**
Acquisition / production costs				
Balance as of 1 January 2019	**19.2**	**1.3**	**0.2**	**20.7**
Additions	11.9	0.7	0.6	13.2
Disposals	–2.1	–0.2	–	–2.3
Currency translation differences	–	–	–	–
Balance as of 31 December 2019	**29.0**	**1.8**	**0.8**	**31.7**
Additions	4.9	1.1	0.1	6.1
Disposals	–0.8	–0.4	–0.0	–1.3
Currency translation differences	–0.8	–0.1	–	–0.8
Balance as of 31 December 2020	**32.3**	**2.4**	**0.9**	**35.7**
Accumulated depreciation				
Balance as of 1 January 2019	**1.5**	**–**	**–**	**1.5**
Depreciation for the financial year	3.6	0.8	0.1	4.5
Disposals	–0.3	–0.1	–	–0.4
Currency translation differences	–	–	–	–
Balance as of 31 December 2019	**4.8**	**0.7**	**0.1**	**5.7**
Depreciation for the financial year	3.8	0.8	0.2	4.8
Disposals	–0.3	–0.4	–	–0.7
Currency translation differences	–0.1	–0.0	–	–0.2
Balance as of 31 December 2020	**8.2**	**1.0**	**0.4**	**9.6**
Carrying amount as of				
31 December 2019	24.2	1.1	0.7	26.0
31 December 2020	**24.1**	**1.4**	**0.6**	**26.1**

The Biotest Group mainly rents plasma collection stations in Germany, Hungary and the Czech Republic as well as office buildings. The rental agreements relating to the plasma stations of Plasma Service Europe GmbH and to commercial and office premises of Biotest AG in Dreieich contain in part price adjustment clauses based on the consumer price index in Germany. Some of the rental agreements for the plasma collection stations of Plazmaszolgalát Kft. in Hungary and Cara Plasma s.r.o. in the Czech Republic contain price adjustment clauses based on the "Harmonized Index of Consumer Prices" of the European Union (EUROSTAT HICP). In addition, rental agreements with extension and termination options exist for the majority of

the plasma stations in Germany and Hungary as well as for some of the offices and commercial premises at the Dreieich site; these options have terms of between 48 and 60 months. Please refer to section B 6 Leasing for information on the assessment of the exercise of extension and termination options.

Longer-term leases exist in particular for real estate, which represents the largest share of the carrying amount of the rights of use. The real estate contracts have residual terms of 1 to 12 years.

The rights of use of motor vehicles include the rented vehicle fleet. The rental agreements for motor vehicles have remaining terms of 1 to 6 years. In property, plant and equipment, motor vehicles are shown under other facilities, office furniture and equipment.

The rights of use for other facilities, office furniture and equipment mainly relate to rental agreements for furniture, fixtures and multifunction printers. The rental agreements have remaining terms of 1 to 5 years.

Depreciation of right-of-use assets for the financial year is included in the following items of the consolidated statement of income:

in € million	**2020**	2019
Cost of sales	2.6	2.3
Marketing and distribution costs	0.4	0.6
Administrative expenses	1.7	1.5
Research and development costs	0.1	0.1
	4.8	**4.5**

In financial year 2020, financial liabilities from leases in the amount of € 4.8 million (previous year: € 3.8 million) were amortized and € 0.5 million (previous year: € 0.6 million) in interest for leases was paid. The total cash outflow from leases including variable lease payments and payments in connection with short-term leases, as well as leases where the underlying asset is of low value, amounted to € 6.6 million (previous year: € 6.4 million) in financial year 2020. As of the balance sheet date, future cash outflows amounted to € 27.4 million (previous year: € 26.4 million).

Potential future cash outflows of € 1.8 million (previous year: € 2.0 million) were not included in the lease liability as it is not reasonably certain that the leasing agreements will be extended (or not be terminated). Leases entered into by the Biotest Group as lessee but not yet commenced give rise to potential cash outflows of € 0.6 million (previous year: € 0.0 million).

As of 31 December 2020, the Group was obliged to enter into short-term lease agreements for which the corresponding facilitation option is used. The total obligation at this date amounts to € 0.0 million (previous year: € 0.1 million).

The following amounts were recognised in profit or loss in the financial year:

in € million	**2020**	2019
Depreciation charge for right-of-use assets	4.8	4.5
Interest expense on lease liabilities	0.5	0.6
Expense relating to short-term leases	0.3	0.3
Expense relating to leases of low-value assets	0.3	0.5
Expense relating to variable lease payments	–	–
Total value in income statement	**5.9**	**5.9**

Only occasionally and to an insignificant extent rent concessions were made in connection with the COVID-19 pandemic. These did not lead to any significant change in the rights of use, however.

Information on the corresponding lease liabilities is provided in section E 15 Financial liabilities.

E 4 INVESTMENTS IN JOINT VENTURES

Investments in joint ventures relate to a 49% shareholding held by Biotest Pharma GmbH in BioDarou P.J.S. Co., whose registered office is in Tehran, Iran, and are accounted for using the equity method.

The purpose of the company is to collect plasma, process it into immunoglobulins, factors and human albumin via Biotest AG and then sell the finished products in Iran.

Due to the inflation trend in Iran, the joint venture based there applied the regulations of IAS 29 Financial Reporting in Hyperinflationary Economies in the reporting period for the first time. The Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income have been adjusted in accordance with IAS 29 in order to calculate the share of net assets and profit and loss. IAS 29 is to be applied retrospectively, i.e. as if the hyperinflation had always existed. The financial statements were prepared on the basis of historical acquisition and production costs. As the restated financial statements are presented in Iranian rial, they have to be translated at the closing rate. Thus, the carrying amounts for non-monetary assets and liabilities have been adjusted for changes in general purchasing power using the general price index in the

financial year and the previous year. A consumer price index published by the International Monetary Fund was used for this purpose. The value of the index applied as of the reporting date in 2019 was 222.8 (2018: 176.8). Due to the restatement of the opening balance sheet, there was an effect on the Company's equity of 49.7 billion rials. As a result of the first-time adoption of IAS 29, there was a foreign currency effect recognised in other comprehensive income of € 0.4 million following the restatement of the opening balance sheet. The adjustment of the closing balance sheet resulted in a further foreign currency effect of € 0.8 million recognised in other comprehensive income. Together with the recognised losses from joint ventures in the amount of € 0.5 million, this results in a carrying amount of shares in joint ventures of € 2.6 million as of 31 December 2020.

The investors have agreed to gradually provide the company with equity of up to € 4.0 million. The shareholder resolutions required for this are adopted separately based on the financial requirements. To date, Biotest Pharma GmbH has contributed € 1.6 million in capital. The subscribed capital of BioDarou P.J.S. Co. as of 31 December 2019 is 37.5 billion rials (previous year: 37.5 billion rials) excluding any adjustment as a result of IAS 29 and is fully paid in.

As no audited financial statements of BioDarou P.J.S. Co. were available when the consolidated financial statements were prepared, BioDarou P.J.S. Co.'s previous year figures as of 31 December 2019 are reported.

The joint venture had the following assets and liabilities without taking an adjustment as a result of IAS 29 into account:

On 31 December 2019, the value of non-current assets was € 0.4 million (previous year: € 0.5 million) and the value of current assets was € 12.7 million (previous year: € 14.4 million).

Non-current liabilities were valued at € 0.6 million (previous year: € 0.6 million) and current liabilities at € 9.2 million (previous year: € 10.6 million) as of 31 December 2019.

In financial year 2019, sales amounted to € 11.5 million (previous year: € 14.5 million) and the Company's net profit for the year was € 0.1 million (previous year: € 0.2 million).

The joint venture, taking into account an adjustment as a result of IAS 29, had the following assets and liabilities:

As of 31 December 2019, the value of non-current assets was € 1.2 million (previous year: € 1.0 million) and the value of current assets was € 13.9 million (previous year: € 15.0 million).

Non-current liabilities were valued at € 0.6 million (previous year: € 0.6 million) and current liabilities at € 9.2 million (previous year: € 10.6 million) as of 31 December 2019.

In financial year 2019, sales amounted to € 13.1 million and the Company's net loss for the year was € -0.9 million.

As a result of the political developments in financial year 2020, the framework conditions for business relations with Iran, in particular with regard to the processing of payment transactions, have worsened.

E 5 OTHER FINANCIAL ASSETS

in € million	2020 Total	2020 thereof non-current	2019 Total	2019 thereof non-current
Cash deposit with banks (financial assets measured at amortised cost)	12.3	–	12.5	–
Surrender claim against trustee from the sale of shares in ADMA Biologics Inc. (financial assets at fair value through profit or loss)	5.6	–	12.4	–
Loan to third parties (financial assets measured at amortised cost)	0.0	–	7.4	7.4
Receivables from joint ventures (financial assets measured at amortised cost)	0.0	–	–	–
Other receivables (financial assets measured at amortised cost)	0.1	0.0	0.2	–
Derivative financial instruments (financial assets at fair value through profit or loss)	1.3	–	0.3	–
Pension fund (financial assets at fair value through profit or loss)	0.2	0.2	0.2	0.2
	19.5	**0.2**	**33.0**	**7.6**

The cash deposits made with banks in financial year 2020, mainly for guarantees issued, are recognised at amortised cost.

Financial assets at fair value through profit or loss include the surrender claim against trustee from the sale of shares in ADMA Biologics Inc., fund shares and derivative financial instruments. The fair value of the surrender claim against trustee is determined by reference to the share price of ADMA Biologics Inc. as of 31 December 2020, less a discount. The discount is determined on the basis of the size of the block of shares, the trading volume, and the profitability of the company and the urgency of the sale. The valuation as of 31 December 2020 resulted in an impairment in the amount of € 7.0 million, which is recognised under financial expenses.

A loan granted in financial year 2017 and recognised at amortised cost was completely repaid early in financial year 2020. Due to impairments recognized in the past, the repayment resulted in income of € 4.7 million, which is reported under other operating income.

E 6 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities relate to the following items in the consolidated statement of financial position:

	Assets		Equity and liabilities		Recognised through profit or loss	
in € million	**2020**	2019*	**2020**	2019*	**2020**	2019*
Property, plant and equipment	0.1	–	7.9	7.4	0.3	0.2
Other financial assets	1.2	0.9	0.9	0.9	–0.4	–
Inventories	9.5	8.2	0.4	0.1	–1.0	–1.5
Trade receivables	0.0	0.3	0.7	0.1	1.0	–0.8
Contract assets	–	–	13.4	11.2	2.3	2.4
Deferred expenses	–	–	0.8	1.2	–0.4	1.2
Other provisions	1.6	1.5	0.1	–	–0.1	–0.5
Financial liabilities	0.9	1.1	–	–	0.2	–0.1
Pension provisions	17.8	16.2	–	–	–0.0	0.5
Other liabilities	2.0	0.4	1.2	1.1	–1.4	1.3
Contract liabilities	–	1.1	–	–	1.1	–0.4
IFRS 16	5.3	4.8	5.1	4.9	–0.3	0.1
Other statement of financial position items	0.2	0.1	–	0.1	–0.1	–0.1
Tax value of the recognised loss carried forward	0.2	–	–	–	–0.1	1.2
Total deferred taxes	**38.8**	**34.6**	**30.5**	**27.0**	**1.0**	**3.5**
Less netting of deferred tax assets and liabilities	–29.3	–25.9	–29.3	–25.9		
Deferred tax assets / liabilities	**9.5**	**8.7**	**1.2**	**1.1**		

* The rights of use and lease liabilities under IFRS 16 have been presented on a net basis. The previous year's figures have been adjusted accordingly.

As of 31 December 2020, the Group had usable tax loss carryforwards of € 2.2 million (previous year: € 0.0 million). These loss carryforwards are attributable to countries with a tax rate of 9 %.

Deferred taxes are not recognised for tax loss carryforwards of € 78.7 million (previous year: € 63.6 million), as the utilisation of these carryforwards in the near future is not reasonably certain at this time. Of the unrecognised loss carryforwards, € 61.5 million (previous year: € 47.1 million) relate to the domestic companies and € 17.2 million (previous year: € 16.5 million) to the foreign companies. In addition, € 63.7 million (previous year: € 50.4 million) of the unrecognised loss carryforwards relate to unlimited carryforwards, € 7.6 million (previous year: € 5.4 million) can be carried forward for up to five years and € 7.4 million (previous year: € 7.8 million) for five years or longer.

As in the previous year, deferred tax assets are not recognized for the domestic interest carryforward of € 15.1 million that existed as of 31 December 2020 (previous year: € 4.9 million), as it is not possible to calculate with the reasonable certainty that this interest carryforward will be utilized in the near future. The interest carryforward can be carried forward indefinitely. The deferred tax assets of the German Biotest Group amounting to € 7.2 million on temporary differences are long-term and are estimated to be usable on the basis of positive medium-term expectations.

In the Biotest Group, in some countries several years have not yet been definitively assessed by tax audits. Adequate provisions have been made for the years that have not yet been assessed.

As of 31 December 2020, as in the previous year, no deferred tax liabilities were recognised for taxes on non-distributed earnings of subsidiaries or joint ventures of the Biotest Group. The temporary differences in connection with shares in subsidiaries and joint ventures for which no deferred taxes are recognised amount to € 2.6 million (previous year: € 2.1 million). No deferred taxes are recognized on the temporary differences, as these will not reverse in the foreseeable future on the basis of current planning.

E 7 INVENTORIES

in € million	**2020**	2019
Raw materials, consumables and supplies	66.5	76.4
Work in progress	127.2	119.2
Finished goods and merchandise	96.4	84.5
	290.1	**280.1**

As of the balance sheet date, the Biotest Group had inventories of € 0.0 million (previous year: € 1.4 million) with a turnover of more than one year.

Impairment losses recognised on inventories amounted to € 30.7 million as of the reporting date (previous year: € 21.7 million). The respective inventories have a residual carrying amount of € 94.9 million (previous year: € 93.0 million) after being written down to their net realisable value.

The previous year's write-downs of inventories in the amount of € 7.1 million (previous year: € 15.0 million) were consumed in the financial year 2020 and reversed in the amount of € 0.0 million (previous year: € 4.3 million). In addition, inventories were written down by € 16.5 million (previous year: € 5.5 million). Additions to and reversals of write-downs of inventories are reported under cost of sales.

In 2020, inventories recognised as an expense in cost of sales amounted to € 303.0 million (previous year: € 251.0 million).

E 8 TRADE RECEIVABLES

Trade receivables are typically due within one year. As in the previous year, none of the trade receivables totalling € 115.8 million (previous year: € 107.7 million) were classified as non-current. They are comprised as follows:

in € million	2020	2019
Trade receivables (gross)	131.0	130.8
Sale of trade receivables	–4.0	–13.3
Allowance for bad debts	–11.3	–9.8
Trade receivables (net)	**115.8**	**107.7**

The allowance for bad debts is calculated as the difference between the nominal amount of the accounts receivable and the estimated net recoverable amount. The Group is monitoring the economic conditions arising from the COVID-19 pandemic to limit its exposure to customers who are perceived to be more severely impacted by the pandemic. An external service provider was used to examine receivables that do not show any concrete indications of impairment in individual cases. The assessment of a potential deterioration in the credit quality of the loan portfolio as a result of the COVID-19 pandemic has been included in the calculation of expected credit losses due to the use of forward-looking information by the external service provider.

As of the reporting date, Biotest AG has sold trade receivables totalling € 3.4 million (previous year: € 9.3 million) under factoring agreements. The factoring programme provides for the sale of domestic and foreign receivables of Biotest AG, with each customer having an individual credit limit. Provided that the receivables are legally valid, the factor carries the risk of the customer's inability to pay the receivables purchased.

Biotest Italia S.r.l. sells some of its receivables from Italian customers. Provided that the receivables are legally valid, the factor carries the risk of the customer's inability to pay the receivables purchased (del credere). Receivables of the Italian company totalling € 0.6 million (previous year: € 4.0 million) had been sold as of the reporting date. As in the previous year, these receivables were fully derecognised.

IT-supported processes are in place to identify trade receivables intended for factoring. These receivables are measured at fair value through profit or loss (FAFVtPL) on the basis of the expected derecognition process. The fair value is the transaction price less a purchase price discount.

Allowances for expected credit losses for trade receivables developed as follows:

in € million	2020	2019
Balance as of 1 January	9.8	7.2
Additions	4.9	3.5
Utilisation	–1.5	–0.1
Reversals	–1.9	–0.8
Balance as of 31 December	**11.3**	**9.8**

Default risk positions are spread across the Group's sales regions as follows:

in € million	2020	2019
Central Europe (CEU)	0.1	0.1
East and South Europe (EASE)	1.1	1.2
Intercontinental (ICON)	0.7	1.2
Middle East, Africa and France (MEAF)	9.4	7.3
Allowances for expected credit losses	**11.3**	**9.8**

Net trade receivables are denominated in the following currencies:

in € million	2020	2019
EUR	92.4	84.1
USD	15.7	12.4
GBP	1.7	1.9
HUF	2.3	3.9
BRL	2.2	2.7
Other currencies	1.5	2.7
Trade receivables (net)	**115.8**	**107.7**

E 9 CONTRACT ASSETS

The contract assets from toll manufacturing of € 46.3 million (previous year: € 38.1 million) relate to conditional claims for the full fulfilment of contractual obligations from toll manufacturing contracts. The resulting benefit obligations are generally paid by Biotest over a period of up to twelve months. Receivables from this business, which are usually due between 90 and 120 days, are recognised when the right to receive the consideration becomes unconditional. This is the case when the biological drugs produced from the blood plasma provided by the customer are delivered to the customer. These are service transactions that have been valued at the corresponding production costs incurred plus profit shares, where these can be reliably estimated.

They are composed as follows:

in € million	2020	2019
Contract assets (gross)	46.8	38.5
Allowances for expected credit losses	–0.5	–0.4
Contract assets (net)	46.3	38.1

Default risks are accounted for by making value adjustments. The allowance for doubtful accounts is calculated as the difference between the nominal amount of the contract assets and the estimated net recoverable amount. An external service provider was used to examine the portfolios of contract assets that do not show any concrete indications of impairment in individual cases.

The allowances for expected credit losses on contractual assets developed as follows:

in € million	2020	2019
Balance as of 1 January	**0.4**	**0.3**
Additions	0.2	0.2
Utilisation	–	–
Reversals	–0.1	–0.1
Balance as of 31 December	**0.5**	**0.4**

E 10 OTHER ASSETS

	2020		2019	
in € million	**Total**	**thereof non-current**	Total	thereof non-current
Value added and other tax receivables	2.8	–	3.6	–
Deferred income	6.9	0.4	9.0	5.6
Payments in advance	0.9	–	0.6	–
Other assets	1.3	–	1.5	0.1
	11.9	**0.4**	**14.7**	**5.7**

As of 31 December 2020, ancillary financing costs in the amount of € 5.4 million (previous year: € 7.5 million) were capitalised under prepaid expenses, € 0.4 million (previous year: € 5.6 million) of which are non-current and will be amortised over the financing period. With regard to the financing agreement, we refer to the comments in section E 15.

Value adjustments of €1.4 million (previous year: €1.0 million) were made for other assets in the financial year 2020.

As of the reporting date, other assets do not include any overdue positions.

Other assets are denominated in the following currencies:

in € million	2020	2019
EUR	10.0	13.3
BRL	0.3	0.3
GBP	0.1	0.1
HUF	0.9	0.8
Other currencies	0.5	0.2
	11.9	**14.7**

E 11 CASH AND CASH EQUIVALENTS

in € million	2020	2019
Bank balances	70.9	60.5
Cash on hand	0.4	0.3
	71.3	**60.8**

Please refer to the Biotest Group's consolidated statement of cash flows for details regarding the changes in cash and cash equivalents.

Biotest AG made cash deposits with banks in financial year 2020 to secure its operating business. As of 31 December 2020, an amount of € 12.3 million (previous year: € 12.5 million) had

been deposited. The amount is reported under other current financial assets as of 31 December 2020.

E 12 EQUITY

Subscribed capital is fully paid in and amounts to € 39,571,452 on 31 December 2020 (previous year: € 39,571,452), comprising ordinary shares of € 19,785,726 (previous year: € 19,785,726) and preference shares of € 19,785,726 (previous year: € 19,785,726). As of 31 December 2020, it was divided into 19,785,726 no-par value ordinary shares and 19,785,726 no-par value preference shares without voting rights. Certification of shares is excluded. The theoretical par value of each share is therefore € 1.00 per share class. Profit distributions in any financial year are based on the net profit of Biotest AG as defined under the German Commercial Code.

On 18 May 2017, Tiancheng (Germany) Pharmaceutical Holdings AG, a company indirectly controlled by Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat), published the documentation for its unsolicited public takeover offer for all outstanding shares of Biotest AG. The shareholders were offered € 28.50 per ordinary share and € 19.00 per preference share in this offer. Tiancheng announced on 7 July 2017 that the unsolicited public takeover offer to the shareholders of Biotest AG was accepted for a total of 17,783,776 ordinary shares and 214,581 preference shares by the end of the extended acceptance period at midnight on 4 July 2017. These ordinary shares account for approximately 89.88% of Biotest AG's voting capital and 44.95% of the total share capital of Biotest AG. The completion of the transaction was subject to official permits. On 19 January 2018, the Committee on Foreign Investment in the United States, CFIUS, granted foreign trade approval and thus met the last remaining condition for the takeover offer.

The proposed appropriation of net profit for the year 2020 provides for dividend payments of € 0.8 million (previous year: € 0.8 million). A dividend of € 0.00 per share (previous year: € 0.00 per share) will be paid on the ordinary shares and a dividend of € 0.04 per share (previous year: € 0.04 per share) on the preference shares. In accordance with a resolution passed by the Annual General Meeting regarding dividend payments, preference shares are entitled to a preference dividend of € 0.04 per share. Furthermore, if holders of ordinary shares receive a dividend of more than € 0.03 per share, holders of preference shares receive an additional dividend of € 0.02 per share. If no dividend is paid on preference shares in one year, it shall be paid the following year. If a dividend is not paid in the second year, preference shares shall receive voting rights (cf. Section 140 (2) of the German Stock Corporation Act (Aktiengesetz, AktG)).

By resolution of the Annual General Meeting of 7 May 2015, the Board of Management of Biotest AG was authorised to purchase ordinary and/or preference shares under Section 71 (1) No. 8 AktG until 6 May 2020 up to 10% of the share capital of € 33.8 million at the time. The Board of Management did not make use of this authorisation.

By resolution of the Annual General Meeting on 7 May 2019, the authorisation of the Board of Management to increase the share capital (Authorised Capital) contained in Article 4(5) of the Articles of Association, which the Board of Management has not previously made use of, was replaced by new authorised capital. The Board of Management is authorised with the approval of the Supervisory Board, to increase the Company's share capital by up to € 19,785,726.00 (authorised capital) on one or more occasions until 6 May 2024, by issuing new bearer ordinary shares and/or new non-voting bearer preference shares in exchange for cash contributions and/or contributions in kind by issuing new bearer preference shares (non-voting preference shares). The authorisation includes the authority to issue further preference shares that are equal to the previously issued non-voting preference shares in the distribution of profits or company assets. The shareholders have a subscription right. The subscription right may also be structured in whole or in part as an indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG. The Board of Management is also authorised to determine the further details of the implementation of capital increases from authorised capital.

The share premium amounts to € 219.8 million (previous year: € 219.8 million).

Diluted and basic earnings per share are calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of shares outstanding. Diluted earnings are equivalent to basic earnings at Biotest AG.

in € million	2020	2019
Earnings after taxes	–31.4	–4.7
Additional dividend on preference shares	–0.4	–0.4
Profit adjusted for additional dividend rights	**–31.8**	**–5.1**
Number of shares outstanding (weighted average)	39,571,452	39,571,452
Basic and diluted earnings per ordinary share in €	–0.80	–0.13
Additional dividend rights per preference share in €	0.02	0.02
Basic and diluted earnings per preference share in €	–0.78	–0.11

No additional transactions involving ordinary shares or potential ordinary shares took place in the period between the reporting date and the approval of the consolidated financial statements.

E 13 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Benefits are based on the employee's length of service and salary. Retirement benefit obligations relate mainly to employees of the Group's German companies. Similar obligations are foreign obligations payable in a lump sum on retirement and obligations of the Biotest pension savings plan. These plans are voluntary pension plans not subject to statutory or legal obligations. The amount of the pension obligations is dependent on interest rate movements and the life expectancy of the participants.

Assets of € 3.9 million (previous year: € 3.1 million) were held by a trustee, Biotest Vorsorge Trust e.V., in financial year 2020 under a contractual trust arrangement (CTA) as external insolvency insurance for portions of the occupational pension scheme. Since the transferred funds qualify as plan assets in accordance with IAS 19, provisions for pensions and similar obligations were netted with the transferred assets. As a result, provisions for pensions and similar obligations were reduced accordingly.

The net defined benefit liability comprises the following:

in € million	2020	2019
Net present value of defined benefit obligations		
From pension plans	107.7	101.5
From similar obligations	13.8	11.1
	121.5	**112.6**
Fair value of plan assets		
For pension plans	1.9	1.5
For similar obligations	2.0	1.6
	3.9	**3.1**
Net defined benefit liability		
From pension plans	105.8	99.9
From similar obligations	11.8	9.6
	117.5	**109.5**

The costs for the defined benefit plans consist of the following components:

in € million	2020	2019
Current service cost	5.6	4.8
Net interest expenses	1.1	1.6
Total expenses recognised in profit and loss	**6.7**	**6.4**
Actuarial gains due to experience adjustments (previous year: losses)	–0.2	5.5
Actuarial losses due to changes in financial assumptions	6.0	12.8
Actuarial gains from changes in demographic assumptions	–0.0	–
Return on plan assets (excluding amounts included in net interest expense)	–0.1	–0.2
Revaluations recognised directly in the statement of comprehensive income	**5.7**	**18.1**
Defined benefit costs	**12.4**	**24.5**

Actuarial losses of € 5.7 million (previous year: € 18.1 million) were recognised directly in equity in financial year 2020. Of this amount, € 6.0 million resulted from changes in actuarial assumptions, which is mainly due to the change in the actuarial interest rate in the main plans in Germany from 1.2% to 0.8%. Actuarial losses totalling € 56.0 million (previous year: € 50.3 million) have been recognised directly in equity to date.

The following table shows the reconciliation of the net present value of the defined benefit obligation (DBO):

in € million	2020	2019
Net present value of defined benefit obligation as of 1 January	**112.6**	**91.7**
Current service cost	5.6	4.8
Interest expense	1.1	1.6
Expenses recognised in the consolidated statement of income	**6.7**	**6.4**
Actuarial gains (previous year: losses) due to experience adjustments	–0.2	5.5
Actuarial losses due to changes in financial assumptions	6.0	12.8
Actuarial gains due to changes in demographic assumptions	–0.0	–
Revaluations recognised directly in the statement of comprehensive income	**5.8**	**18.3**
Pension benefits paid	–3.7	–3.8
Net present value of defined benefit obligation as of 31 December	**121.5**	**112.6**

The following table shows the reconciliation of the fair value of plan assets:

in € million	2020	2019
Fair value of plan assets as of 1 January	**3.1**	**2.8**
Interest income	0.0	0.1
Income recognised in the consolidated statement of income	**0.0**	**0.1**
Return on plan assets (excluding amounts included in net interest expenses)	0.1	0.2
Revaluations recognised directly in the statement of comprehensive income	**0.1**	**0.2**
Contribution by the employer	0.7	–
Payments from plan assets	–	–
Fair value of plan assets as of 31 December	**3.9**	**3.1**

The following payments are expected to be made in subsequent years based on the current pension obligations:

in € million	2020	2019
In the next 12 months	4.1	3.9
Between 2 and 5 years	17.4	16.3
Between 5 and 10 years	27.1	27.3
After 10 years	102.0	99.0
Total expected payments	**150.6**	**146.5**

The weighted average term of the defined benefit plans is 15.4 years (previous year: 15.2 years) as of 31 December 2020.

Plan assets were invested in the following asset classes as of the reporting date:

in € million	2020	2019
Cash and cash equivalents	0.6	0.9
Fund shares	3.3	2.2
	3.9	**3.1**

Of the provisions for pensions and similar obligations, € 120.4 million (previous year € 111.6 million) relate to pension plans in Germany. The calculation of the German pension plans is based on the following actuarial assumptions:

in %	2020	2019
Discount rate as of 31 December	0.5-0.8	0.8 – 1.2
Expected return on plan assets	1.2	2.0
Rate of increase for wages and salaries	3.4	3.4
Rate of interest for pensions	1.8	1.8
Employee turnover rate	3.0	3.0

Actuarial assumptions are based on historical empirical values with the exception of the discount rate.

As in the previous year, the calculation was based on the published Heubeck 2018 G mortality tables.

Under IAS 19.145, the effect of any changes to parameters for the underlying assumptions used to calculate the pension obligations must be disclosed in the sensitivity analysis. Only changes that are realistically expected to occur in the following financial year are to be considered.

The actuarial rate of interest, salary trend, pension trend and life expectancy are regarded as material assumptions. These parameters are shown in the following overview together with information on the parameter changes and their impact on the net present value calculation as of 31 December 2020.

Parameter	Parameter change	Impact on the pension obligation in € million
Rate of interest	Increase by 50 basis points	–8.7
Rate of interest	Decrease by 50 basis points	9.8
Salary trend	Increase by 50 basis points	0.4
Salary trend	Decrease by 50 basis points	–0.4
Pension trend	Increase by 100 basis points	10.7
Pension trend	Decrease by 100 basis points	–8.9
Life expectancy	Increase by one year	5.6

€ 10.7 million (previous year: € 9.8 million) was recognised as expense for defined contribution plans in the financial year and is broken down as follows:

in € million	2020	2019
Defined contribution plans of the Company	0.1	0.1
Employer contributions to statutory pension scheme	10.7	9.7
	10.7	9.8

E 14 OTHER PROVISIONS

in € million	Personnel –related provisions	Litigation risks	Provisions for sales agreements	Miscellaneous other provisions	Total	thereof current
Balance as of 31 December 2019	**12.0**	**0.8**	**4.8**	**7.4**	**25.0**	**22.3**
Additions	12.0	1.3	3.4	0.9	**17.6**	
Utilisation	–11.0	–0.3	–0.9	–0.9	**–13.1**	
Reversals	–0.3	–0.0	–1.2	–1.0	**–2.5**	
Balance as of 31 December 2020	**12.7**	**1.8**	**6.1**	**6.4**	**27.0**	**24.2**

Personnel-related provisions consist primarily of provisions for profit-sharing, the Long-Term Incentive (LTI) Programme and severance pay. The provisions under the LTI Programme are explained in detail in Section F 1.

The provisions for litigation risk are explained in detail in Section F 12.

The provisions for sales agreements mainly include provisions for contractual penalties.

Other miscellaneous provisions include provisions for guarantees and similar items.

Additions to provisions in financial year 2020 mainly comprise additions of € 10.6 million (previous year: € 9.7 million) for profit-sharing and the LTI Programme for employees. The reversals in the fiscal year are mainly due to the clearing of provisions for sales contracts.

E 15 FINANCIAL LIABILITIES

in Mio. €	2020	2019
Non-current liabilities		
Subordinated shareholder loan	310.3	303.1
Unsecured promissory notes	2.0	2.0
Secured loans from financial institutions	95.9	47.5
Other financial liabilities	30.0	27.0
Liabilities from derivative financial instruments	1.3	0.6
Long-term share of lease liabilities	23.0	22.7
	462.5	**402.9**

in Mio. €	2020	2019
Current liabilities		
Unsecured promissory notes	0.0	2.5
Other financial liabilities	2.1	0.8
Secured loans from financial institutions	1.4	–
Liabilities from derivative financial instruments	0.0	0.2
Short-term share of lease liabilities	4.4	4.0
	7.9	**7.5**

A subordinated, final maturity loan in euros from Tiancheng (Germany) Pharmaceuticals Holding AG with an extended term until 2025 forms the core of Biotest AG's financing.

Another key component of the financing is a secured loan with a term of 5 years until 2024. The loan agreement was signed on 24 June 2019 and has a closing date on 2 July 2019. The total volume amounts to € 240 million, divided into two Term Facilities (B1 and B2) of € 225 million and a Revolving Facility of € 15 million. Biotest AG, Biotest Pharma GmbH and Biotest Grundstückverwaltungs GmbH have provided collateral for the loan in the form of land charges, pledging of shares and assignment of intercompany receivables.

Credit lines in the amount of € 140.0 million (previous year: € 190.0 million) from the promised financing remain unused as of 31 December 2020. There are no other committed bilateral credit lines.

More detailed information on collateral can be found in section F 6 Capital management.

The loan agreement is a "hybrid" contract or structured product within the meaning of IFRS 9, as it contains an (interest) floor and a termination option of the borrower, each of which represents an embedded derivative. For accounting purposes, the embedded derivatives are therefore separated from the host contract and accounted for separately.

In connection with the financing, Biotest AG has undertaken to maintain a covenant. This covenant is reported quarterly at the end of each quarter on the basis of the consolidated quarterly financial statements. The covenant was constantly complied with in the financial year 2020.

Other financial liabilities include an unsecured long-term loan in the amount of € 30.0 million (previous year: € 27.0 million).

The promissory notes of originally issued € 210 million concluded in October 2013 is divided into the following tranches in the amount of € 2.0 million:

Promissory note loans	Currency	Term	Interest rate
Tranche 6	EUR	10 years	fixed interest

In financial year 2020, part of tranche 6 of the promissory note loan was repaid in the amount of € 1.0 million and tranche 4 of the promissory note loan was repaid in full in the amount of € 1.5 million.

The liabilities from derivative financial instruments reported under financial liabilities include both derivatives for hedging currency risks and embedded derivatives from the hybrid loan agreement.

Interest liabilities were reported together with the underlying loan on the basis of their due date.

Information on the hedging of exchange rate and interest risks can be found in Section F 4 Financial risk management.

The pricing and repayment terms as well as the maturity profile of financial liabilities are shown below:

2020 (in € million)	Total	Remaining term < 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Subordinated shareholder loans:				
Euro - fixed at 2.5	310.3	–	310.3	–
Secured loans from financial institutions:				
Euro - variable at 3.3 to 6.7 %	97.3	1.4	95.9	–
Promissory note loans:	–	–	–	–
Euro - fixed at 3.8 %	2.0	0.0	2.0	–
Other financial liabilities:				
Euro - fixed at 0.0 to 4.0 %	31.9	1.9	–	30.0
Euro - variable at 0.7 %	0.1	0.1	0.0	–
Liabilities from derivative financial instruments	1.3	0.0	–	1.3
Liabilities from leasing agreements:				
Euro - fixed at 0.0 to 3.9 %	25.6	4.0	11.5	10.2
HUF - fixed at 2.8 to 4.5 %	0.5	0.2	0.3	–
CZK - fixed at 1.2 to 3.4 %	0.8	0.1	0.4	0.3
CHF - fixed at 0.7 to 5.0 %	0.1	0.1	0.1	–
GBP - fixed at 0.7 to 3.0 %	0.3	0.1	0.2	–
BRL - fixed at 0.3 to 0.6 %	0.1	0.0	0.0	–
	470.5	**7.9**	**420.7**	**41.8**

The pricing and repayment terms as well as the maturity profile of the previous year's financial liabilities are shown below:

2019 (in € million)	Total	Remaining term < 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Subordinated shareholder loans:				
Euro - fixed at 2.5	303.1	–	–	303.1
Secured loans from financial institutions:				
Euro - variable at 3.3 to 6.7 %	47.5	–	47.5	–
Promissory note loans:	–	–	–	–
Euro - fixed at 3.1 to 3.8 %	4.5	2.5	2.0	–
Other loans:				
Euro - fixed at 0.0 to 4.0 %	27.6	0.6	–	27.0
Euro - variable at 0.6 %	0.2	0.2	–	–
Liabilities from derivative financial instruments	0.8	0.2	–	0.6
Liabilities from leasing agreements:				
Euro - fixed at 0.0 to 4.8 %	24.8	3.6	11.2	10.0
HUF - fixed at 2.4 to 4.5 %	0.3	0.1	0.2	–
CZK - fixed at 1.3 to 4.4 %	0.9	0.1	0.4	0.4
CHF - fixed at 0.7 to 5.0 %	0.2	0.1	0.1	–
GBP - fixed at 0.2 to 3.0 %	0.4	0.1	0.3	–
BRL - fixed at 0.1 to 0.7 %	0.1	–	0.1	–
	410.4	**7.5**	**61.8**	**341.1**

The rights of use of leased assets are capitalised with carrying amounts of € 26.1 million (previous year: € 26.0 million as leased assets under property, plant and equipment within the framework of finance leases) under the item rights of use.

As the Group companies Plazmaszolgálat Kft. in Hungary and Cara Plasma s.r.o. in the Czech Republic have concluded significant leasing agreements in euros in addition to the Group companies in the euro countries, the majority of the Biotest Group's liabilities from leasing agreements are in euros.

Information on the corresponding right-of-use assets is provided in section E 3 Leases.

Net debt amounted to € 397.9 million as of the reporting date (previous year: € 348.7 million) and can be derived as follows:

in € million	**2020**	2019
Shareholder loans	310.3	303.1
Financial liabilities to third parties	131.4	79.7
Liabilities from leasing arrangements	27.4	26.7
	469.1	**409.5**
Cash and cash equivalents	71.3	60.8
	71.3	**60.8**
Net debt	**397.9**	**348.7**

E 16 OTHER LIABILITIES

in € million	**2020**	2019
Liabilities for commissions payable	20.0	18.2
Deferred liabilities	4.0	6.6
Wage tax liabilities	2.0	2.0
Deferred income	1.8	2.1
Social security liabilities	0.7	0.8
Value added tax liabilities	0.6	0.2
Other liabilities	1.3	0.6
	30.4	**30.5**

Other liabilities with a term to maturity of over one year amounted to € 0.1 million (previous year: € 0.3 million) in this financial year.

F. OTHER DISCLOSURES

F 1 LONG-TERM INCENTIVE PROGRAMME

Biotest AG pursues a business policy focused on the interests of shareholders and based on a shareholder value principle that promotes long-term growth in the value of the Biotest Group.

The Long-term Incentive Programme (LTIP) includes certain employees who have a significant impact on the success of the Company due to their position with the Group, their decisions, leadership and actions.

No personal investment by the participant through the purchase of preferred shares of Biotest AG is required for the LTIP 2018, 2019 and 2020. The targets of the LTIP 2018, 2019 as well as 2020 are not dependent on the share price. Instead, share price-independent targets are set. Thus, the LTIP 2018, 2019 and 2020 do not have to be reported in accordance with IFRS 2.

The LTIP starts in May of the first year and ends on 31 December of the third year.

FURTHER GENERAL INFORMATION ON THE LTIP

Entitlement to an incentive payment ceases for the programme and all tranches if employment within the Biotest Group ends for any reason (other than retirement, early retirement, partial retirement, occupational disability or invalidity).

Participants receive a pro rata incentive payment in the event of a change of control in which at least 30% of the voting rights are transferred to a shareholder who did not previously hold these voting rights, of a delisting from the stock market or of a merger or change in the legal status of the parent company, or of the exit of the company by which the participant is employed from the parent group.

Please refer to our comments in the Remuneration Report for a detailed description of the LTI programmes.

F 2 FINANCIAL INSTRUMENTS

F 2.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Biotest Group classifies financial instruments in accordance with its accounting treatment. Here, derivatives form a separate class.

One class may contain several different items from the statement of financial position. The Biotest Group classifies financial instruments as follows:

The measurement categories under IFRS 9 are abbreviated as follows: financial assets measured at amortised cost (AC), financial assets measured at fair value through the other comprehensive income (FAFVtOCI), financial assets measured at fair value through profit and loss (FAFVtPL), financial liabilities measured at amortised cost (FLAC), financial liabilities measured at fair value through profit and loss (FLFVtPL).

Lease liabilities (as defined in IFRS 16) do not fall within the scope of IFRS 9.

Class of financial instruments	Balance sheet item	Valuation class according to IFRS 9
Financial assets measured at amortised cost	Trade receivables	AC
	Other financial assets	AC
	Cash and cash equivalents	AC
Financial assets at fair value through profit or loss	Trade receivables	FAFVtPL
	Other financial assets	FAFVtPL
Financial liabilities measured at amortised cost	Financial liabilities	FLAC
	Trade payables	FLAC
Liabilities from leases	Liabilities from leases (as defined by IFRS 16)	n/a
Derivatives	Other financial assets	FAFVtPL
	Other financial liabilities	FLFVtPL

F 2.2 RECONCILIATION OF STATEMENT OF FINANCIAL POSITION ITEMS TO MEASUREMENT CATEGORIES AS WELL AS THEIR MEASUREMENT BASIS AND FAIR VALUES

in € million			Measurement basis in the statement of financial position according to IFRS 9			
Item of the statement of financial position	Measurement class in accordance with IFRS 9	Carrying amount as of 31 December 2020	At amortised cost	At fair value through profit or loss	Measurement basis in the statement of financial position according to IFRS 16	Fair value as of 31 December 2020
Assets						
Trade receivables	AC	108.3	108.3	–	–	108.3
Trade receivables	FAFVtPL	7.5	–	7.5	–	7.5
Other financial assets						
Cash deposits with banks	AC	12.3	12.3	–	–	12.3
Derivatives without a hedging relationship	FAFVtPL	1.3	–	1.3	–	1.3
Surrender claim against trustee	FAFVtPL	5.6	–	5.6	–	5.6
Loans to third parties	AC	0.0	0.0	–	–	0.0
Pension fund	FAFVtPL	0.2	–	0.2	–	0.2
Miscellaneous other financial assets	AC	0.1	0.1	–	–	0.1
Cash and cash equivalents	AC	71.3	71.3	–	–	71.3
Equity and liabilities						
Trade payables	FLAC	42.0	42.0	–	–	42.0
Financial liabilities						
Subordinated shareholder loans	FLAC	310.3	310.3	–	–	338.8
Secured loans from financial institutions	FLAC	97.3	97.3	–	–	115.6
Unsecured bank liabilities	FLAC	2.0	2.0	–	–	2.1
Other financial liabilities	FLAC	32.1	32.1	–	–	35.3
Liabilities from leases	n/a	27.4	–	–	27.4	27.4
Derivatives without a hedging relationship	FLFVtPL	1.3	–	1.3	–	1.3

in € million			Measurement basis in the statement of financial position according to IFRS 9			
Item of the statement of financial position	Measurement class in accordance with IFRS 9	Carrying amount as of 31 December 2019	At amortised cost	At fair value through profit or loss	Measurement basis in the statement of financial position according to IFRS 16	Fair value as of 31 December 2019
Assets						
Trade receivables	AC	102.1	102.1	–	–	102.1
Trade receivables	FAFVtPL	5.6	–	5.6	–	5.6
Other financial assets						
Cash deposits with banks	AC	12.5	12.5	–	–	12.5
Derivatives without a hedging relationship	FAFVtPL	0.3	–	0.3	–	0.3
Surrender claim against trustee	FAFVtPL	12.4	–	12.4	–	12.4
Loans to third parties	AC	7.4	7.4	–	–	7.4
Pension fund	FAFVtPL	0.2	–	0.2	–	0.2
Miscellaneous other financial assets	AC	0.3	0.3	–	–	0.3
Cash and cash equivalents	AC	60.8	60.8	–	–	60.8
Equity and liabilities						
Trade payables	FLAC	52.2	52.2	–	–	52.2
Financial liabilities						
Subordinated shareholder loans	FLAC	303.1	303.1	–	–	274.6
Secured loans from financial institutions	FLAC	47.5	47.5	–	–	57.3
Unsecured bank liabilities	FLAC	4.5	4.5	–	–	4.6
Other financial liabilities	FLAC	27.8	27.8	–	–	27.5
Liabilities from leases	FLAC	26.7	–	–	26.7	26.7
Derivatives without a hedging relationship	FLFVtPL	0.8	–	0.8	–	0.8

In accordance with IFRS 7.29, it was assumed that the fair value of current financial instruments corresponds to the carrying amount.

F 2.3 AGGREGATION OF THE MEASUREMENT CATEGORIES, INCLUDING MEASUREMENTS AND FAIR VALUE

in € million			Measurement basis in the statement of financial position according to IFRS 9			
Categories	Measurement category according to IFRS 9	Carrying amount as of 31 December 2020	At amortised cost	At fair value through equity	At fair value through profit or loss	Fair value as of 31 December 2020
Financial assets measured at amortised cost	AC	192.0	192.0	–	–	192.0
Financial assets at fair value through profit or loss	FAFVtPL	14.6	–	–	14.6	14.6
Financial liabilities measured at amortised cost	FLAC	483.7	483.7	–	–	533.8
Financial liabilities at fair value through profit or loss	FAFVtPL	1.3	–	–	1.3	1.3

in € million			Measurement basis in the statement of financial position according to IFRS 9			
Categories	Measurement category according to IFRS 9	Carrying amount as of 31 December 2019	At amortised cost	At fair value through equity	At fair value through profit or loss	Fair value as of 31 December 2019
Financial assets measured at amortised cost	AC	183.1	183.1	–	–	183.1
Financial assets at fair value through profit or loss	FAFVtPL	18.5	–	–	18.5	18.5
Financial liabilities measured at amortised cost	FLAC	435.1	435.1	–	–	416.2
Financial liabilities at fair value through profit or loss	FAFVtPL	0.8	–	–	0.8	0.8

F 2.4 NET GAIN OR LOSS BY MEASUREMENT CATEGORY

The net gain or loss for financial year 2020 by measurement category is as follows:

in € million		From subsequent measurement				
Categories	From interest	At fair value	Currency translation	Impairment	From disposal	Net gain/loss 2020
Financial assets measured at amortised cost	0.8	–	–4.2	1.0	–	–2.4
Financial assets measured at fair value through profit or loss	–	–5.4	–	–	–	–5.4
Financial liabilities measured at amortised cost	–12.6	–	0.2	–	–	–12.5
Financial liabilities measured at fair value through profit or loss	–	1.7	–	–	–	1.7
Total	**–11.9**	**–3.8**	**–4.0**	**1.0**	**–**	**–18.6**

The net gain or loss for the previous financial year by measurement category is as follows:

in € million		From subsequent measurement				
Categories	From interest	At fair value	Currency translation	Impairment	From disposal	Net gain/loss 2019
Financial assets measured at amortised cost	1.1	–	–0.7	–2.8	–	–2.4
Financial assets measured at fair value through profit or loss	–	12.0	–0.1	–	–	11.9
Financial liabilities measured at amortised cost	–10.5	–	0.2	–	–	–10.3
Financial liabilities measured at fair value through profit or loss	–	–1.7	–	–	–	–1.7
Total	**–9.4**	**10.3**	**–0.6**	**–2.8**	**–**	**–2.5**

All components of the net gain or loss are recorded under other financial expenses or other financial income. Exceptions to this are value adjustments on trade receivables and other financial assets. Since financial year 2020, these are reported in the change in valuation allowances on financial assets measured at amortised cost under other operating income or other operating expenses.

The result from the subsequent measurement of financial instruments allocated to the fair value through profit and loss category includes a loss of € 3.8 million (previous year: gain of € 10.3 million), which includes both interest rate and currency effects.

F 2.5 CASH FLOW BY TIME BAND

The tables below show the contractually agreed, undiscounted interest payments and principal repayments relating to primary financial liabilities and derivative financial instruments with positive and negative fair values. The second table contains comparative values for cash flows in specific periods based on the previous financial year.

This presentation includes all instruments that were in the portfolio on the reporting date and for which payments were already contractually agreed. It does not include budgeted figures for future new liabilities. Amounts in foreign currencies are translated at the corresponding closing rate. The variable interest payments from the financial instruments are calculated based on the interest rates last fixed before 31 December 2020. Financial liabilities repayable on demand are always allocated to the earliest time period.

in € million		Cash flow in 2021			Cash flow in 2022		
Balance sheet items	Carrying amount as of 31 December 2020	Fixed interest	Variable interest	Principal repayments	Fixed interest	Variable interest	Principal repayments
Primary financial liabilities:							
Liabilities to shareholders	–310.3	–	–	–	–	–	–
Liabilities to banks	–2.0	–0.1	–	–	–0.1	–	–
Liabilities to fianancial instututions	–97.3	–2.1	–5.8	–	–0.2	–5.8	–
Liabilities from leasing arrangements	–27.4	–0.5	–	–4.5	–0.4	–	–4.0
Other financial liabilities	–32.1	–1.8	–0.0	–1.2	–1.2	–	–0.0
Trade payables	–42.0	–	–	–42.0	–	–	–
Derivative financial liabilities:							
Foreign exchange derivatives without hedge relationships	–0.0	–	–	–0.0	–	–	–
Embedded derivatives	–1.3	–	–	–	–	–	–
Derivative financial assets:							
Foreign exchange derivatives without hedge relationship	1.3	–	–	1.3	–	–	–

in € million		Cash flow in 2020			Cash flow in 2021		
Balance sheet items	Carrying amount as of 31 December 2019	Fixed interest	Variable interest	Principal repayments	Fixed interest	Variable interest	Principal repayments
Primary financial liabilities:							
Liabilities to shareholders	–303.1	–	–	–	–	–	–
Liabilities to banks	–4.5	–0.2	–	–2.5	–0.1	–	–
Liabilities to financial institutions	–47.5	–	–5.7	–	–	–5.7	–
Liabilities from leasing arrangements	–26.7	–0.6	–	–4.0	–0.5	–	–3.7
Other financial liabilities	–27.8	–1.1	–	–0.8	–1.1	–	–
Trade payables	–52.2	–	–	–52.2	–	–	–
Derivative financial liabilities:							
Foreign exchange derivatives without hedge relationships	–0.2	–	–	–0.2	–	–	–
Embedded derivatives	–0.6	–	–	–	–	–	–
Derivative financial assets:							
Foreign exchange derivatives without hedge relationship	0.3	–	–	0.3	–	–	–

Liabilities to financial institutions also include commitment interest based on the undrawn volume of € 140.0 million (previous year: € 190.0 million).

Cash flow in 2023			Cash flow in 2024			Cash flow in 2025			Cash flow after 2025		
Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
–	–	–	–	–	–	–49.3	–	–290.0	–	–	–
–0.1	–	–2.0	–	–	–	–	–	–	–	–	–
–0.2	–5.7	–	–0.0	–4.1	–100.0	–	–	–	–	–	–
–0.4	–	–3.2	–0.3	–	–2.9	–0.2	–	–2.7	–0.6	–	–10.1
–1.2	–	–	–1.2	–	–	–1.2	–	–	–0.6	–	–30.0
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–1.3	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–

Cash flow in 2022			Cash flow in 2023			Cash flow in 2024			Cash flow after 2024		
Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments	Fixed interest	Variable interest	Principal repay-ments
–	–	–	–	–	–	–	–	–	–49.4	–	–290.0
–0.1	–	–	–0.1	–	–2.0	–	–	–	–	–	–
–	–5.7	–	–	–5.7	–	–	–2.5	–50.0	–	–	–
–0.4	–	–3.3	–0.3	–	–2.8	–0.3	–	–2.6	–0.6	–	–10.3
–1.1	–	–	–1.1	–	–	–1.1	–	–	–1.6	–	–27.0
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–0.6	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–

F 3 DETERMINATION OF FAIR VALUE

Most trade receivables and other assets have residual terms of less than one year. Carrying amounts as of the reporting date therefore approximate fair values. Impaired trade receivables are to be assigned solely to level 3 with regard to the assessment of default/credit risk, as the input factors are based primarily on an internal evaluation of the respective receivables. These are partially attributable to the aging cluster of the receivable, origin of the debtor ("country risk") and a combination of the factors. These are derived from historical experience. The evaluation is also partially based on individual factors such as the knowledge that the customer concerned is insolvent. The impairment ratio is up to 100% depending on the cluster. For other non-current receivables and investments held to maturity with times to maturity of more than one year, fair values are equivalent to present values of payments relating to the assets taking into account current interest rate parameters reflecting market- and partner-specific changes in terms and expectations.

For financial (non-derivative) assets measured at fair value, the fair value is determined by reference to the share price of ADMA Biologics Inc. taking into account a discount. The discount is estimated based on the size of the share package, the trading volume, the profitability of the company and the urgency of the sale. The estimates are derived from historical experience. The fair value is assigned to hierarchy level 3.

In the case of derivative financial assets or liabilities (currency transactions and embedded derivatives) the mark-to-market measurement performed is based on quoted exchange rates and yield curve structures obtainable on the market. Fair value is assigned to hierarchy level 2.

The fair value of the pension funds is assigned to hierarchy level 1.

Trade payables as well as other liabilities regularly have residual terms of less than one year. Therefore, in this case as well, carrying amounts correspond approximately to fair values.

The fair values of liabilities to financial institutions, liabilities to the shareholder and other financial liabilities are measured as the present values of payments relating to the debt based on the respective applicable yield curve as well as the analysed credit spread curve for each currency. Fair value is assigned to hierarchy level 2.

F 4 FINANCIAL RISK MANAGEMENT

In the course of its ordinary operations and due to existing international trade relationships, Biotest is exposed to currency and interest rate risks.

To hedge currency positions, Biotest uses derivative financial instruments to minimise risks inherent in exchange rate fluctuations. In addition, Biotest concluded a hybrid loan agreement the previous year that contains embedded derivatives. Other contracts are reviewed for hybridity. If they contain a derivative, this is measured separately. Derivative financial instruments are generally subject to changes in market prices.

Biotest does not make use of hedge accounting. Consequently, all gains and losses arising from market valuation of derivative financial instruments used to hedge interest rate and currency risks are recognised through profit or loss.

Financial instruments are recognised at the time that the corresponding contracts are concluded. They are initially recognised at cost of purchase and then measured at their respective market values as of the reporting date. Financial instruments are derecognised once contractual obligations have been fulfilled by both parties or upon the closing out of the instrument.

The market values of derivative financial instruments are disclosed in the consolidated statement of financial position under other financial assets or financial liabilities. € 1.3 million (previous year: € 0.3 million) is disclosed under other financial assets and € 1.3 million (previous year: € 0.8 million) under financial liabilities as of 31 December 2020.

CREDIT RISK

A credit risk is the financial risk that a contractual partner will not meet his payment obligations. Default risk is countered through the continuous management of receivables. The customer's credit rating is assessed and subsequently credit terms and other conditions are defined. In addition, portions of domestic receivables and select foreign receivables are sold to factoring companies or banks.

There are trade receivables and contract assets from customers in the Middle East, Africa and France (MEAF) sales region amounting to € 98.0 million (previous year: € 76.5 million). In the current year, these account for around 55% (previous year: 45 %) of gross trade receivables and gross contract assets. Allowances for bad debts of € 9.8 million (previous year: € 7.6 million) were recognised for these receivables.

Credit insurance has been obtained from various companies for certain customers in certain countries. Economic risks are covered by credit insurance in the amount of € 27.9 (previous

year: € 24.3 million) million and political risks in the amount of € 29.8 million (previous year: € 26.4 million). A deductible of up to 5% was agreed in the existing credit insurance policy.

Possible default risks for primary financial instruments that are not held at fair value through profit or loss are taken into account through value adjustments for expected credit losses due to internal and external rating classifications.

To present the maximum default risk of primarily financial assets, the corresponding carrying amount is used as an equivalent for the maximum default risk:

in € million	2020	2019
Trade receivables	115.8	107.7
Contract assets	46.3	38.1
Other financial assets	19.5	33.0
Cash and cash equivalents	71.3	60.8

To cover the default risk, corresponding value adjustments are made in the amount of the expected credit default in accordance with IFRS 9.5.5. The simplified approach is mainly used for trade receivables. Default probabilities for individual customers or customer groups are determined for this purpose. These are based on rating information from an external service provider. Potential increases in default risk as a result of the COVID-19 pandemic are reflected in the external service provider's rating information, as forward-looking information such as financial statements and industry and country information is incorporated into his analysis.

Based on the risk classifications, the carrying amounts per rating class are shown below:

in € million	Internal rating level	External rating level
31 December 2020		
Trade receivables	24.2	91.6
Contract assets	46.3	–
Cash and cash equivalents	–	71.3
Other financial assets	–	19.5
Total	**70.4**	**182.4**

in € million	Internal rating level	External rating level
31 December 2019		
Trade receivables	19.8	87.9
Contract assets	38.1	–
Cash and cash equivalents	–	60.8
Other financial assets	–	33.0
Total	**57.9**	**181.7**

Biotest categorises all of the assets listed above into credit grades and makes value adjustments of between 0.04% and 6.87% depending on the credit grade and origin of the corresponding debtor. In addition, individual value adjustments are also made for cases of insolvency or particularly bad debts, which can amount to up to 100%.

The Biotest Group does not hold any assets that are impaired upon initial recognition or upon settlement (purchased or originated credit impaired, POCI).

MARKET RISK

Market risk results from changes in market prices. These lead to fluctuations in fair values or future cash flows from financial instruments. Market risk comprises foreign exchange risk, interest rate risk and other price-related risk.

CURRENCY RISK

The Biotest Group operates internationally and is therefore exposed to foreign currency risk based on the exchange rates of different foreign currencies, primarily the US dollar. There are also foreign currency risks from leasing contracts concluded in foreign currency (mainly HUF and CZK). Foreign currency risks arise from expected future transactions, recognised assets and liabilities and net investments in foreign operations. The Biotest Group protects itself as a matter of principle against identifiable future currency risk whenever it anticipates such exposure. In addition, risks in the consolidated statement of financial position are hedged selectively. The Biotest Group makes use of opportunities to offset currency risk naturally and to use currency futures to manage currency risk.

The Biotest Group holds the following positions in foreign currencies that are material to the Group:

Foreign currency risk	USD		GBP	
in € million	2020	2019	2020	2019
Cash and cash equivalents	1.8	8.5	1.5	1.1
Trade receivables	15.7	12.4	1.7	1.9
Other primary financial assets	5.5	20.3	–	–
Other derivative financial assets	1.2	0.3	0.1	–
Trade payables	–0.3	–2.4	–0.1	–0.2
Liabilities to financial institutions	–	–	–	–
Liabilities from leasing arrangements	–	–	–0.3	–
Other primary financial liabilities	–3.1	–3.0	–	–
Other derivative financial liabilities	–	–	–0.0	–0.2
Net position	**20.8**	**36.1**	**2.9**	**2.6**

The following currency futures for the sale of USD, GBP and RUB were held as of the reporting date:

in € million	Nominal amount		Market values	
	2020	2019	**2020**	2019
Forward exchange transactions	55.5	44.3	1.3	0.1

See section B 3 for information about the main exchange rates during the reporting period.

INTEREST RATE RISK

The Biotest Group's interest rate risk arises from non-current financial liabilities. Loans with variable interest rates expose the Group to interest-related cash flow risks. Fixed-rate loans and the embedded derivatives of the hybrid loan agreement give rise to an interest-related risk from changes in fair value.

As in the previous year, there were no interest rate hedging transactions as of 31 December 2020.

LIQUIDITY RISK

Liquidity risk is the risk that a company will be unable to meet its financial obligations to a sufficient extent at all times. A shortage of financial capital could result in an increase in financing costs.

The Biotest Group finances itself through shareholder loans, long-term loans from financial institutions and other loans, promissory note loans, leasing agreements and factoring.

As of 31 December 2020, the Biotest Group has a contractually agreed credit line:

in € million	**2020**	2019
Loans drawn down	444.7	385.2
Loans not drawn down	140.0	193.0

As of 31 December 2020, the Biotest Group has granted a secured financing commitment of € 6.2 million to a supplier that has not yet been drawn down.

In order to reduce potential liquidity risks, the individual corporate divisions supply Group Treasury with the necessary information for creating a liquidity profile. All financial assets, financial liabilities and anticipated payment flows from planned transactions are included in it.

A maturity overview illustrating how cash flows from liabilities as of 31 December 2020 impact the Group's liquidity position is provided in Section F 2.

The changes in liabilities from financing activities are as follows:

in € million	**January 1 2020**	Cash flows	Addition of RoU assets in 2020 (non-cash)	Exchange rate changes	Other	**December 31 2020**
Financial liabilities	383.7	47.5	–	–	11.9	443.1
Liabilities from leases	26.7	–4.8	6.1	–0.6	–	27.4
Total	**410.4**	**42.7**	**6.1**	**–0.6**	**11.9**	**470.5**

in € million	**January 1 2019**	Cash flows	First-time adoption of IFRS 16	Addition of RoU assets in 2019 (non-cash)	Modifications of leases (non-cash)	Exchange rate changes	Other	**December 31 2019**
Financial liabilities	326.1	42.4	–	–	–	–	15.2	383.7
Liabilities from finance leases	3.3	–3.8	16.1	13.2	–2.4	0.3	–	26.7
Total	**329.4**	**38.6**	**16.1**	**13.2**	**–2.4**	**0.3**	**15.2**	**410.4**

The item "Other" mainly includes the effects of accrued but not yet paid interest on interest-bearing loans as well as the one-time conversion of other liabilities in the amount of € 2.4 million, interest liabilities in the amount of € 0.5 million and trade payables in the amount of € 0.1 million (previous year: € 6.0 million) in financial liabilities.

The Biotest Group classifies interest paid as cash flow from operating activities.

F 5 SENSITIVITY ANALYSIS PURSUANT TO IFRS 7.40

The Biotest Group is exposed to market risk comprising foreign currency risk and interest rate risk.

By using sensitivity analyses, the effects of any changes in the relevant risk variables on profit or loss and equity as of the reporting date are determined for each type of risk.

CURRENCY RISK

A sensitivity analysis is performed for specific currencies that pose a significant risk to the Biotest Group for the purposes of analysing foreign currency risk. The following major currencies are analysed: USD and GBP.

If the euro had appreciated by 10 % against all currencies under observation as of 31 December 2020, the financial result would have been € 4.6 million higher (previous year: € 8.1 million higher).

If the euro had depreciated by 10 % against all currencies under observation as of 31 December 2020, the financial result would have been € 4.6 million lower (previous year: € 8.1 million lower).

The hypothetical impact on profit or loss of € 4.6 million or € –4.6 million results from the following currency sensitivities:

in € million	Appreciation of the EUR by 10 %	Depreciation of the EUR by 10 %
EUR to USD	3.4	–3.4
EUR to GBP	1.2	–1.2
	4.6	**–4.6**

It should be noted that the sensitivity analysis required by IFRS 7 only takes into account exchange rate risk on financial assets and liabilities but not translation risk. If translation risk had been taken into account, the effect would have been different.

INTEREST RATE RISK

For interest rate risk, a sensitivity analysis serves to illustrate the effects of changes in market interest rates on interest income and expenses, other income components and, where applicable, equity.

Changes in the market interest rates of primary financial instruments with fixed interest rates only impact income if recognised at fair value. Financial instruments with fixed interest rates measured at amortised cost are therefore not exposed to interest rate risk as defined by IFRS 7.

Changes in the market interest rates of interest rate derivatives (embedded derivatives) impact other financial income (measurement result from the adjustment of financial assets to fair value) and are therefore incorporated in income-related sensitivity calculations.

Currency derivatives and changes in their value due to interest rate changes were not taken into account in calculating interest rate sensitivities.

The sensitivity analysis is based on the net effect of interest-bearing liabilities, bank balances and current financial assets. If the market interest rate level as of 31 December 2020 had been 100 basis points higher, the fair values of the financial instruments would have been € 1.2 million higher (previous year: € 0.6 million higher). The hypothetical impact on profit or loss of € 1.8 million (previous year: € 1.2 million) arises from the potential effects from interest rate derivatives of € 1.2 million (previous year: € 0.6 million) and primary financial liabilities of € 0.6 million (previous year: € 0.6 million).

Considering the very low reference interest rates as of the balance sheet date, a sensitivity analysis in the event of a downward deviation in the market interest rate level is not performed for reasons of insignificance.

If the market interest rate level as of 31 December 2020 had been 100 basis points higher or 0 basis points lower, equity would have remained unchanged. Please see the remarks in Section E 13 for changes in equity due to actuarial gains and losses from pension plans.

MARKET RISK

The figures for the sensitivity analysis prepared in accordance with IFRS 7.40b include both fair value risk and cash flow risk. Since these values were determined simultaneously using computer models, no specific differentiated statements can be made with regard to the individual values.

OTHER PRICE-RELATED RISK

As part of the presentation of market risk, IFRS 7 also requires information about how hypothetical changes in risk variables affect the prices of financial instruments. Possible risk variables are, in particular, stock market prices or indices.

The sensitivity analysis relates to the surrender claim against the trustee arising from the sale of shares in ADMA Biologics Inc. If the share price on 31 December 2020 had been 10% higher (10% lower), the fair value would have been € 0.6 million higher (€ 0.6 million lower).

If the package discount had been 10% higher (10% lower) at 31 December 2020, the fair value would have been 2.1% lower (2.1% higher).

Other price-related risks have no material impact on the prices of financial instruments held by the Biotest Group.

F 6 CAPITAL MANAGEMENT

The primary objective in managing capital is to ensure an attractive overall rating for investors and to maintain adequate

capital ratios in order to guarantee the strategic business development of the Biotest Group.

The equity of the Biotest Group that is the focus of capital structure optimisation efforts is the equity disclosed on the consolidated statement of financial position which is attributable to the owners of Biotest AG as the parent company. Share capital consists of 19,785,726 ordinary voting shares and 19,785,726 non-voting preference shares.

Strategic capital management analyses are based on long-term forecast calculations, which are used to determine the corresponding future values and indicators. In the short term, budget forecasts for the following year serve as the basis for financial indicators.

As part of its strategy, the Biotest Group seeks to maintain an equity ratio of at least 40%. The equity ratio of the Biotest Group was 39.0% as of 31 December 2020 (previous year: 43.0%). Due to the "Biotest Next Level" project, the equity ratio may also lie between 30% and 40% for a short period of time. In addition, both long-term and quarterly special financial ratios are used for analysis and management purposes. The key performance indicator here is the debt factor as a ratio of net debt to EBITDA.

No fundamental changes were made to the objectives or processes for managing capital in the financial year 2020. An adequate organisational structure and defined work flows and monitoring processes were implemented for the necessary controlling of the "Biotest Next Level" project and related required financial resources.

The Biotest Group has various options at its disposal for achieving its capital management objectives. These include capital increases through the issue of new shares with or without preemptive rights, dividend policies and the repurchase of shares. Efforts to optimise the capital structure are supported by the active management of working capital.

Biotest AG carried out a capital increase in June 2013. The maximum possible number of 1,461,909 new preference shares was subscribed to at a price of € 52 per share either by existing shareholders using their subscription rights or by being placed with institutional investors. New no-par value bearer preference shares were issued with a proportionate amount of the share capital of € 2.56 per share. Gross issue proceeds of € 76 million were thus generated.

In financial year 2013, Biotest AG privately placed promissory notes with an equivalent value of € 210 million on the capital markets. EUR tranches with a maturity of 5, 7 and 10 years and a USD tranche with a maturity of 5 years were underwritten. The tranches with a maturity of 5 and 7 years had fixed and variable interest rates. The tranche with a maturity of 10 years has a fixed rate coupon. A liability from promissory note loans in the amount of € 2.0 million remains on the balance sheet date 2020.

The financing is secured by a shareholder loan including accrued interest in the amount of € 310.3 million and a long-term loan of € 30.0 million. The shareholder loan is subordinated to senior liabilities and all other non-subordinated liabilities of Biotest AG. The shareholder may not assert its claims under this agreement for as long as this would result in the insolvency or over-indebtedness of the borrower.

A secured "hybrid" loan agreement with a total volume of € 240 million is a further key component of the financing. As of 31 December 2020, € 100 million of the volume provided had been drawn (previous year: € 50 million). This financing agreement includes a covenant to be met, which is monitored regularly by Biotest. Restrictions apply in particular with regard to the sale and collateralisation of assets.

As collateral, the Biotest Group has arranged a first-rank land charge in the total amount of € 240 million on the real estate located in Dreieich. On the balance sheet date, the real estate secured by the Biotest Group had a carrying amount of € 209.8 million.

Furthermore, Biotest AG has completely pledged its shares in Biotest Pharma GmbH, Dreieich.

In addition, a global assignment with regard to current and future cash pooling receivables was agreed in a separate contract dated 28 June 2019. This affects receivables from affiliated companies in the amount of € 25.6 million at the balance sheet date.

Biotest Pharma GmbH, Dreieich, and Biotest Grundstücksverwaltungs GmbH, Dreieich, have joined the financing agreement as further guarantors.

Further information is provided in section E 15 Financial liabilities.

F 7 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

A contingent asset is a potential asset that results from past events and whose existence will not be confirmed until the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the Company's control.

Contingent liabilities are potential obligations that result from past events and whose existence will not be confirmed until the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the Company's

control. Contingent liabilities may also be based on current obligations that result from past events but are not recognised, either because an outflow of resources with a loss of economic benefits is not likely or because the amount of the obligation cannot be estimated sufficiently reliably.

The Biotest Group has contingent liabilities under guarantees in the amount of € 10.7 million (previous year: € 12.4 million). These relate mainly to guarantees for the delivery of goods and the performance of services, in which the probability of a claim against the Biotest Group is considered low. Cash deposits in the amount of € 12.4 million were made with banks as collateral.

There are contingent liabilities of € 3.3 million (previous year: € 22.7 million) from collateral for liabilities of affiliated companies.

Contingent liabilities of € 0.6 million (previous year: € 1.8 million) result from fees in connection with the tender business. As in the previous year, the full amount was recognized as a provision in the financial year 2020.

As in the previous year, there were no contingent assets at the reporting date.

F 8 OTHER FINANCIAL COMMITMENTS

in € million	in 2021	2022 to 2025	starting in 2026	Total
Commitments under long-term supply agreements with fixed purchase volumes	128.5	422.4	285.9	836.8
Commitments under long-term service agreements	5.4	11.6	–	17.0
Other financial obligation	4.9	5.2	–	10.1
	138.8	**439.2**	**285.9**	**863.9**

Commitments under long-term supply agreements for intermediates with fixed purchase volumes relate to supply agreements for the years 2021 to 2026, under which Biotest is to receive products worth € 32.6 million (previous year: € 94.9 million) in subsequent years. This position includes minimum purchase quantities from plasma supply contracts with a volume of € 585.1 million (previous year: € 611.1 million).

In addition, Biotest AG has concluded further plasma supply contracts with various suppliers. These contracts include obligations for Biotest AG to purchase plasma. The amount of the obligations depends on the availability of the natural resource plasma (willingness of the population to donate).

Obligations under long-term service agreements mainly relate to purchase commitments under two toll manufacturing agreements for the periods from 2021 to 2023 totaling € 17.0 million (previous year: € 72.7 million).

F 9 RELATED PARTIES

The Biotest Group has reported relationships with the joint venture BioDarou P.J.S. Co., Tehran, Iran, and to its sister company Bio Products Laboratory Ltd. ("BPL"), Elstree, UK, to Shanghai RAAS blood products Co., Ltd. ("Shanghai RAAS"), Shanghai, People's Republic of China, to Anhui Tonrol Pharmaceutical Co., Ltd., Hefei, People's Republic of China, to the shareholder Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany ("Tiancheng (Germany)") and to the controlling company Tiancheng International Investment Ltd. ("Tiancheng International"), Hong Kong, People's Republic of China, to the members of the Board of Management and the Supervisory Board and persons closely associated with them as well as to shareholders with a significant influence on Biotest AG.

In addition, Biotest AG maintains a relationship with the non-consolidated company Biotest Pharmaceuticals ILAÇ Pazarlama Anonim Sirketi, Istanbul, Turkey.

A) BIODAROU P.J.S. CO. COMPANY

Biotest generated revenue of € 8.5 million (previous year: € 4.9 million) from toll manufacturing with BioDarou P.J.S. Co. in the financial year.

The receivables from joint ventures amounted to € 17.2 million on 31 December 2020 (previous year: € 9.1 million), excluding impairments recognized for these receivables.

As of 31 December 2020, the allowance for receivables amounted to € 1.0 million (previous year: € 0.1 million) and the allowance for contract assets to € 0.1 million (previous year: € 0.0 million).

B) BIO PRODUCTS LABORATORY LTD. ("BPL")

The Biotest Group acquired goods and services worth € 0.7 million (previous year: € 2.1 million) from BPL in financial year 2020. BPL charged Biotest AG with consulting fees of € 0.1 million (previous year: € 0.0 million). Liabilities to BPL amounted to € 0.1 million (previous year: € 0.8 million) on the reporting date.

In addition, BPL supplies Biotest under a contract with biological substances and related know-how. The biological substances are supplied free of charge on condition that they remain the property of BPL.

In the financial year, method validations for IgG Next Generation were performed by BPL free of charge.

C) ANHUI TONROL PHARMACEUTICAL CO., LTD. ("ANHUI TONROL")

In financial year 2020, the Biotest Pharma GmbH supplied goods amounting to € 19.6 million (previous year: € 0.0 million) to Anhui Tonrol, Hefei, People's Republic of China. As of 31 December 2020, receivables from Anhui Tonrol amounted to € 6.0 million (previous year: €0.0 million).

D) TIANCHENG (GERMANY) PHARMACEUTICAL HOLDINGS AG ("TIANCHENG (GERMANY)")

Tiancheng (Germany) granted Biotest a shareholder loan. Biotest AG utilised the shareholder loan on 29 January 2018 for a total of € 190.0 million and on 7 June 2018 for a further € 150.0 million. In 2018, Biotest repaid a total of € 50.0 million plus interest of € 0.2 million. No further repayments of the loan have been made by Biotest AG since then. As of 31 December 2020, the shareholder loan amounted to € 290.0 million (previous year: € 290.0 million) plus unpaid interest of € 20.3 million (previous year: € 13.1 million).

E) TIANCHENG INTERNATIONAL INVESTMENT LTD. ("TIANCHENG INTERNATIONAL")

For financial year 2020, Biotest AG charged Tiancheng International costs for the annual audit totalling € 0.1 million (previous year: € 1.3 million in connection with the restructuring). As in the previous year, no receivables were due to Tiancheng International as of 31 December 2020.

F) SHANGHAI RAAS BLOOD PRODUCTS CO., LTD. ("SHANGHAI RAAS")

In financial year 2020, Biotest provided 10,000 nose and mouth masks worth EUR 0.1 million to the Chinese people free of charge through Shanghai RAAS as a humanitarian contribution to the early containment of the COVID-19 pandemic.

G) BIOTEST PHARMACEUTICALS ILAC PAZARLAMA ANONIM SIRKETI ("BIOTEST TURKEY")

Under the loan agreement dated 12 August 2020, Biotest AG granted a loan to Biotest Turkey in the total amount of TL 20.9 million. The loan has a fixed term of six months and bears interest at 10.0% p.a. The loan was fully repaid within two months. Due to the short term, Biotest did not charge interest.

H) OTHER RELATED PARTIES

Dr Cathrin Schleussner notified the Biotest Group that, as of 19 December 2007, her voting rights in the Company totalled 50.03%. These voting rights are held via OGEL GmbH, Frankfurt/Main. OGEL GmbH was controlled by Dr Cathrin Schleussner. By accepting the voluntary public takeover offer, OGEL GmbH sold its shareholdings on 31 January 2018.

Even beyond the acceptance of the unsolicited public takeover offer, the family members of Dr Cathrin Schleussner were also considered related parties within the meaning of IAS 24 due to her membership in the Supervisory Board. In July 2019, OGen GmbH acquired the monoclonal antibody BT-061 from Biotest for the amount of € 1.5 million. A refund of € 0.2 million was issued in financial year 2020. With effect from 1 January 2019, Biotest purchased the 2% minority interest in Biotest Grundstücksverwaltungs GmbH from Dr Cathrin Schleussner and Dr Martin Schleussner. Dr Cathrin Schleussner resigned from her position as a member of the Supervisory Board in May 2020.

In a notification dated 2 February 2018, Mr. Yuewen Zheng informed the Company that his share of voting rights in Biotest AG exceeded the reporting thresholds of 3, 5, 10, 15, 20, 25, 30, 50 and 75% on 31 January 2018 and now amounts to 89.88%.

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, acquired the majority of voting rights in Biotest AG in 2018. Tiancheng (Germany) Pharmaceutical Holdings AG is the immediate parent company of the Biotest Group.

The next highest parent company that prepares Consolidated Financial Statements is Tiancheng International Investment Ltd, Hong Kong, People's Republic of China. The ultimate controlling company is Creat Group Co. Ltd, Nanchang, People's Republic of China, which is controlled by Dr Yuewen Zheng.

In June 2020, Creat Group and another investor transferred their shares in the intermediate holding company Creat Tiancheng Investment Holdings Co., Ltd to several other investors with whom a Concerted Action Agreement exists.

According to the agreement, Dr Yuewen Zheng continues to control Biotest AG as the ultimate controlling company over

the entire chain of subsidiaries, starting with the ultimate controlling company:

- Creat Group Co., Ltd., Nanchang, People's Republic of China
- Guangcai Industry LLC, Beijing, People's Republic of China
- Creat Tiancheng Investment Holdings Co., Ltd., Nanchang, People's Republic of China
- Tiancheng Fortune Management Limited, Hong Kong, People's Republic of China
- Tiancheng International Investment Limited, Hong Kong, People's Republic of China
- Tiancheng (Germany) Pharmaceutical Holdings AG, Munich

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Composition of the Boards

As of 31 December 2020, the members of the Supervisory Board and the Board of Management also served on statutory supervisory boards and comparable controlling bodies of commercial enterprises as follows:

Supervisory Board

Rolf Hoffmann,
Weggis, Switzerland
Shareholder representative,
Lecturer at the University of North Carolina Kenan-Flagler Business School, Chapel Hill, North Carolina, USA
Chairman of the Supervisory Board of Biotest AG (member since August 2017)
Member of the Supervisory Board of Shield Therapeutics PLC, London, UK
Member of the Supervisory Board of Paratek Pharmaceuticals Inc., Boston, Massachusetts, USA
Member of the Supervisory Board of Genmab A/S, Copenhagen, Denmark
Member of the Supervisory Board of EUSA Pharma UK Ltd, Hemel Hempstead, UK

Tan Yang,
Hong Kong, People's Republic of China,
Shareholder representative,
Managing Director of Creat Capital Company Limited, Hong Kong, People's Republic of China
Deputy Supervisory Board Chairman of Biotest AG (member since March 2018)
Supervisory Board Member of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany
Member of the Management Board of Naga UK TopCo Limited, Elstree, UK
Member of the Management Board of Tiancheng International Investment Limited, Hong Kong, People's Republic of China
Member of the Management Board of Creat Resources Holding Limited, Tasmania, Australia

Kerstin Birkhahn,
Langen, Germany
Engineering graduate, employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG (member since April 2010)

Jürgen Heilmann,
Dreieich, Germany
Administrative employee of Biotest AG, Dreieich, Germany
Employee representative on the Supervisory Board of Biotest AG (member since September 2011)

Simone Fischer,
Wiesbaden, Germany
Shareholder representative
Graduate in business administration, auditor and tax consultant
Member of the Supervisory Board of Biotest AG (member since 12 February 2020)
Managing Director of BK & P Steuerberatungsgesellschaft mbH, Wiesbaden, Germany
Managing Director of Bouffier Kaiser GmbH Wirtschaftsprüfungsgesellschaft, Wiesbaden, Germany

Dr. Cathrin Schleussner,
Neu-Isenburg, Germany
Shareholder representative
Graduate biologist
Managing Director of OGEL Next GmbH, Frankfurt/Main, Germany, and OGen GmbH, Frankfurt/Main, Germany
Member of the Supervisory Board of Bürgerhospital & Clementine Kinderhospital gGmbH, Frankfurt/Main, Germany
Member of the Supervisory Board of Biotest AG since July 2001 until 8 May 2020

Xiaoying (David) Gao,
Naples, Florida, USA
Shareholder representative
Chief Executive Officer (CEO) and Vice Chairman of Bio Products Laboratory Ltd., Elstree, UK;
Member of the Management Board of Tiancheng Pharmaceutical Holdings AG, Munich, Germany
Member of the Supervisory Board of Biotest AG (member since 8 May 2020)

Christine Kreidl,
Regensburg, Germany
Shareholder representative
Independent consultant, Regensburg, Germany
Member of the Supervisory Board of Biotest AG since August 2017 until 4 January 2020
Deputy Chairwoman of the Supervisory Board of Singulus Technologies AG, Kahl/Main, Germany (until 10 August 2019)

Supervisory Board remuneration

Members of the Supervisory Board were paid a total of € 383 thousand in the current financial year (previous year: € 402 thousand), of which € 383 thousand (previous year: € 402 thousand) is attributable to fixed remuneration components and € 0 thousand (previous year: € 0 thousand) to variable remuneration components.

In addition to the listed Supervisory Board remuneration, additional amounts paid in financial years 2020 and 2019 to employee representatives on the Supervisory Board under their employment agreements were also expensed. These amounts were based on collective bargaining agreements and/or company pay rates for non-pay-scale employees.

A detailed description of the Supervisory Board remuneration and the individual amounts are shown in the Remuneration Report in the Group Management Report in this Annual Report.

Board of Management

Dr. Michael Ramroth,
Mörfelden-Walldorf, Germany
Chairman of the Board of Management (since 1 May 2019), Chief Financial Officer

Dr. Georg Floß,
Marburg, Germany
Member of the Board of Management (Manufacturing)

On 20 July 2020, the Supervisory Board of Biotest AG extended the appointment of Dr. Michael Ramroth by three years and the appointment of Dr. Georg Floß by two years.

The following member retired from the Board of Management on 30 April 2019:

Dr. Bernhard Ehmer,
Heidelberg, Germany

Chairman of the Board of Management
Member of the Supervisory Board of Affimed GmbH, Heidelberg, Germany
Member of the Supervisory Board of Symphogen A/S, Ballerup, Denmark

Remuneration of the Board of Management

The total remuneration of the Board of Management active in financial year 2020 amounted to € 2,087 thousand (previous year: € 1,965 thousand including € 316 thousand for Dr Bernhard Ehmer). The remuneration of the Board of Management is divided into a non-performance-related component of € 973 thousand (previous year: € 1,033 thousand including € 152 thousand for Dr Bernhard Ehmer) and a performance-related component of € 1,114 thousand (previous year: € 932 thousand including € 164 thousand for Dr Bernhard Ehmer).

The participation of Board of Management members in the Long-Term Incentive Programme (LTIP) is included in the performance-based component at the fair value of the tranche of the LTIP issued in the respective financial year at the grant date.

The Board of Management members participated in the non-share-based LTIP 2020 with allocated shares (Dr Michael Ramroth and Dr Georg Floß each with 1,800 shares). A provision of € 79 thousand was recognised for this tranche. Of this amount, € 42 thousand is attributable to Dr Michael Ramroth and € 37 thousand to Dr Georg Floß.

The members of the Board of Management participated in the non-share-based LTIP 2019 with allocated shares (Dr Michael Ramroth and Dr Georg Floß each with 1,800 shares). A provision of € 394 thousand was recognised for this tranche. Of this amount, € 209 thousand is attributable to Dr Michael Ramroth and € 185 thousand to Dr Georg Floß.

The Board of Management members participated in the non-share-based LTIP 2018 with virtual participation shares (Dr Michael Ramroth and Dr Georg Floß each with 1,800 shares). A provision of € 181 thousand was recognised for this tranche. Of this amount, € 96 thousand is attributable to Dr Michael Ramroth and € 85 thousand to Dr Georg Floß.

Dr Michael Ramroth received a payment of € 64 thousand and Dr Georg Floß a payment of € 57 thousand from the non-share-based LTIP 2017, the payments for which were set for financial year 2020.

The active members of the Board of Management have pension entitlements of € 12,359 thousand (previous year: € 11,360 thousand, excluding Dr Ehmer). As of 31 December 2020, assets in the amount of € 3,624 thousand (previous year: € 2,835 thousand) were transferred to Biotest Vorsorge Trust e.V. to secure pension entitlements against insolvency.

A supplementary agreement to the Board of Management contracts of all active members of the Board of Management contains a severance payment provision which becomes effective if the Board of Management contract is terminated prematurely as a result of a more precisely defined change of control. The severance payment comprises the fixed remuneration up to the end of the term and is limited to a maximum of three times the annual fixed remuneration. In addition, there are pro rata variable compensation components calculated on the basis of the average amount of the previous two financial years plus compensation for the value in use of the company car granted. In addition to these claims, the severance payment also includes an amount up to twice the annual fixed compensation, provided that the total severance payment does not exceed three times the annual fixed compensation plus the bonus payment calculated as above and the compensation for the value in use of the company car.

The entitlement does not arise if the termination of the Board of Management contract is due to termination for good cause, illness or incapacity to work or if the Board of Management member has already reached the age of 60 at the time of termination or receives benefits or value advantages from a third party in connection with the change of control.

There are no other one-time or recurring commitments in the event of termination of Board of Management membership.

Provisions of € 10,177 thousand (previous year: € 10,318 thousand) have been set aside for pension obligations to former members of the Board of Management and their surviving dependants. As of the balance sheet date, there were no loans receivable from members of governing bodies.

Pension payments of € 631 thousand (previous year: € 603 thousand) were made for former members of the Board of Management in financial year 2020. In addition, € 92 thousand was paid to Dr Bernhard Ehmer for profit-sharing in financial year 2020. As in the previous year, no payments were made from the LTIP to other former Board of Management members.

Provisions of € 115 thousand were recognised for Dr Bernhard Ehmer for the 2018 LTIP. As of 31 December 2020, there are therefore provisions totalling € 115 thousand for former Board of Management members in connection with the LTIP.

A detailed description of the Board of Management compensation system and individualised values are provided in the Remuneration Report in the Group Management Report of this Annual Report.

F 10 LIST OF SHAREHOLDINGS

The following list shows the companies that are directly or indirectly owned by Biotest AG in accordance with § 313 (2) HGB. All figures have been prepared for the purposes of the consolidated financial statements in accordance with IFRS regulations.

Name of the Company	Seat of company	Equity in € million	Share in the capital in %	Results after taxes in € million
Biotest Pharma GmbH **	Dreieich, Germany	127.5	100.0	1.0
Biotest Grundstücksverwaltungs GmbH */***	Dreieich, Germany	10.2	100.0	–
Biotest France SAS	Paris, France	0.8	100.0	0.1
Biotest (UK) Ltd.	Birmingham, United Kingdom	3.1	100.0	0.1
Biotest Italia S.r.l.	Milan, Italy	4.4	100.0	4.6
Biotest Austria GmbH	Vienna, Austria	2.2	100.0	0.4
Biotest (Schweiz) AG	Rupperswil, Switzerland	2.6	100.0	0.1
Biotest Hungaria Kft.	Budapest, Hungary	4.0	100.0	0.7
Biotest Farmacêutica Ltda.	São Paulo, Brazil	–1.2	100.0	–
Biotest Hellas MEPE	Athens, Greece	–7.9	100.0	–
Biotest Medical S.L.U.	Barcelona, Spain	1.8	100.0	0.1
Plasma Service Europe GmbH */***	Dreieich, Germany	27.4	100.0	9.9
Plazmaszolgálat Kft. *	Budapest, Hungary	–0.3	100.0	–2.4
Cara Plasma s.r.o. *	Prague, Czech Republic	–1.8	100.0	–3.0
BioDarou P.J.S. Company */*****/******	Tehran, Iran	3.6	49.0	0.1
Biotest Pharmaceuticals ILAÇ Pazarlama Anonim Sirketi ****/*****	Istanbul, Turkey	0	100.0	–

* Indirect investment
** After assumption of HGB result by Biotest AG
*** After assumption of HGB result by Biotest Pharma GmbH
**** Non-consolidated company
***** Information as of 31 December 2019
****** Excluding an adjustment due to IAS 29

F 11 EXEMPTION OPTION ACCORDING TO SECTION 264 (3) HGB

For the separate financial statements of Biotest Pharma GmbH, Plasma Service Europe GmbH, and Biotest Grundstücksverwaltungs GmbH, all Dreieich, the exemption option according to Section 264 (3) of the German Commercial Code (HGB) is exercised for financial year 2020 as in the previous year to the extent that no management reports are prepared for the individual entities Biotest Pharma GmbH and Plasma Service Europe GmbH and the annual financial statements of all three entities are not published.

F 12 PENDING AND IMMINENT LEGAL PROCEEDINGS

Provisions of € 1.8 million (previous year: € 0.8 million) were recognised for pending and imminent legal proceedings as of the reporting date. The provision for litigation risk mainly includes the expected costs of defending three employees in connection with the public prosecutor's investigations into Biotest AG's business in Russia, employment law proceedings and the costs expected from a legal dispute with a supplier.

F 13 EVENTS AFTER THE REPORTING DATE

In February 2021, Biotest became the first plasma protein manufacturer in Germany to conclude production of the first batch of hyperimmunoglobulin preparation against COVID-19 based on hyperimmune plasma from patients who have recovered from the disease. Biotest is working as part of the CoVIg-19 Plasma Alliance, a cross-industry consortium of the world's leading plasma companies working together on a new drug against COVID-19, which includes the collection, development, production and distribution of plasma and plasma products.

Biotest contributes financially to the set-up of further plasma centers with partners. In January 2021, a contract was signed to support the set-up of four plasma collection centers.

No other significant events occurred after the end of the financial year 2020.

F 14 CORPORATE GOVERNANCE

The Board of Management and the Supervisory Board of Biotest AG have issued the Declaration of Compliance required under Section 161 of the German Stock Corporation Act (AktG) and have made it permanently available to shareholders on the Company's website.

Dreieich, 22 March 2021

Dr. Michael Ramroth
Chairman of the
Board of Management

Dr. Georg Floß
Member of the
Board of Management

DECLARATION OF THE BOARD OF MANAGEMENT IN ACCORDANCE WITH SECTION 117 NO. 1 OF THE GERMAN SECURITIES TRADING ACT (WPHG) IN CONJUNCTION WITH SECTION 297 (2) SENTENCE 4 AND SECTION 315 (1) SENTENCE 5 OF THE GERMAN COMMERCIAL CODE (HGB)

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Dreieich, 22 March 2021

Biotest Aktiengesellschaft

Board of Management

Dr Michael Ramroth
Chairman of the
Board of Management

Dr Georg Floß
Member of the
Board of Management

INDEPENDENT AUDITOR'S REPORT

To Biotest Aktiengesellschaft, Dreieich

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of Biotest Aktiengesellschaft, Dreieich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Biotest Aktiengesellschaft, Dreieich, for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the management declaration on corporate governance that is part of the group management report and was published on the website cited in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the fiscal year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the management declaration on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Impairment of the assets associated with the "Biotest Next Level" investment project

Reasons why the matter was determined to be a key audit matter

In fiscal year 2013, the Biotest Group launched the "Biotest Next Level" ("BNL") investment project as a cornerstone of the Company's future development. It is aimed at expanding production capacity for the fractioning and cleaning of human blood plasma in Dreieich. This entails the construction of a range of production facilities and the extension of logistics, administration and auxiliary facilities.

The BNL project, originally scheduled for completion in fiscal year 2019, will culminate in the approval of the new production processes by various German and foreign authorities. At the end of fiscal year 2017, there were delays in the BNL project. In the second quarter of 2018, the Company resumed putting the facilities into service, which had been interrupted by the delays. Approval of production process is planned for 2021. The assessment of the date of completion and acceptance by the German and foreign authorities is therefore a future event and is based on estimates by the Board of Management.

The success of the project will have a significant impact on the future development of the Group and on the value of the related assets. As the assessment of the extent and timing of completion requires the exercise of judgment, the probability of the BNL investment project being completed and the estimated date of completion was a key audit matter.

Auditor's response

In order to assess the timing of completion, we developed an expectation regarding project progress based on the prior year's project plans. We discussed any differences from our expectation with the Board of Management and the project owners and reconciled these with the internal communication and revised budgets. We requested and received documents about the future planning of the project. We reconciled the inputs underlying the plans with the project reports. We requested and received a written assessment from the Chief Operations Officer about the probability of the BNL investment project being completed, with an estimate of the expected completion date. We inspected the buildings and technical facilities constructed to date. In respect of the additions to the BNL investment project in the fiscal year, we received and assessed contracts, acceptance records, delivery notes and incoming invoices as audit evidence.

Our procedures relating to the impairment of the assets associated with the BNL investment project did not lead to any reservations regarding their accounting treatment in the consolidated financial statements.

Reference to related disclosures

The Company provides information on the principles applied to account for fixed assets in section B 5 "Property, plant and equipment." Information on the investment volume is provided in section E 2 "Property, plant and equipment" of the notes to the consolidated financial statements. In addition, the Company described the significance of the investment project in the group management report in sections A. I. C. "Value creation," A.II. "Group strategy," B. V. "General statement on the economic position of the Company," D. I. D. "Expected development of the Biotest Group." Please also refer to group management report

section D.II. "Risk report" and the information on "Corporate strategy risks" presented there in section E. "Risk assessment and description of significant risk categories."

2. Receivables and revenue from transactions in countries subject to European Union sanctions

Reasons why the matter was determined to be a key audit matter

Biotest Aktiengesellschaft has business relationships in countries subject to European Union sanctions. In these countries some large contracts are awarded by tender. Due to their magnitude, the related receivables and revenue have a significant impact on the assets, liabilities, financial position and financial performance of Biotest Aktiengesellschaft. Furthermore, above-average payment periods may be arranged for transactions in these countries, or the settlement of receivables is subject to restrictions on the transfer of foreign currency. Receivables and revenue from such transactions are therefore exposed to greater inherent valuation risk. In light of the judgment exercised in valuation, the valuation of receivables and measurement of revenue from transactions in countries subject to European Union sanctions was a key audit matter.

Auditor's response

On the basis of the past payment behavior of the respective customers, we developed an expectation regarding the valuation of receivables and revenue from transactions in countries subject to European Union sanctions and compared this expectation with the assumptions used to measure the receivables. We investigated any differences by making inquiries and inspecting the relevant evidence such as balance confirmations, guarantee and delivery notes.

We considered the valuation assumptions applied by the Board of Management by comparing them with our expectations derived from past payment behavior. We investigated any differences by making inquiries. We also checked the arithmetical accuracy of the calculation models used.

We inspected the payments received after the reporting date for receivables outstanding on the reporting date and took them into account in assessing the valuation of receivables.

Our procedures relating to the receivables and revenue from transactions in countries subject to European Union sanctions did not lead to any reservations.

Reference to related disclosures

The Company's information on revenue recognition principles is contained in section B 16 "Revenue"; information on the recognition and measurement principles for trade receivables is provided in section B 9 "Trade receivables and other assets" and section B 15 "Financial instruments" of the notes to the consolidated financial statements. In addition, the Company presented the composition of trade receivables and the development of allowances on receivables in section E 8 "Trade receivables." Please also refer to group management report section D.II. "Risk report" and the information on "Sales market risks" and "Political risks" presented there in section E. "Risk assessment and description of significant risk categories."

Other information

The Supervisory Board is responsible for the Supervisory Board Report pursuant to Sec. 171 (2) AktG ["Aktiengesetz": German Stock Corporation Act]. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the management declaration (group declaration on corporate governance). In all other respects, the executive directors are responsible for the other information. The other information comprises the management declaration (group statement on corporate governance) referred to above. In addition, the other information comprises the group non-

financial report, of which we obtained a version prior to issuing the auditor's report. Furthermore, the other information comprises additional parts to be included in the annual report, of which we obtained a version prior to issuing the auditor's report, in particular:

- the section "Foreword" in the annual report;
- the declaration of the Board of Management in accordance with Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 5 HGB in the section "Declaration of the Board of Management."
- the Supervisory Board Report pursuant to Sec. 171 (2) AktG;

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file Biotest_AG_KA+KLB_ESEF-2020-12-31.ZIP and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2020 to 31 December 2020 contained in

the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 8 May 2020. We were engaged by the Supervisory Board on 27 July 2020. We have been the group auditor of Biotest Aktiengesellschaft without interruption since fiscal year 2011.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Voluntary audit of the financial statements of Biotest Grundstücksverwaltungs GmbH, Dreieich, as of 31 December 2020
- Review of the system to ensure compliance with the requirements under Sec. 32 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] for the period from 1 January to 31 December 2020
- Review of Biotest Aktiengesellschaft's IFRS reporting package pursuant to the audit instructions of the group auditor of Tiancheng International Investment Limited, Hong Kong, China, as of 31 December 2020
- Performance of agreed-upon procedures for Biotest Aktiengesellschaft in connection with a financial covenant to be complied with as of 31 December 2020

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Clemens Schier.

Eschborn/Frankfurt am Main, 22. March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Schier	Heil
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

SUPERVISORY BOARD REPORT

The financial year 2020 was marked by the extraordinary challenges of the COVID-19 pandemic. The Company has met, and will continue to meet, these challenges with the remarkable support of its employees. So despite personnel shortfalls due to COVID-19 or quarantine measures it was not only possible to continue our R&D projects but even to initiate two new developments aiming to treat COVID-19 patients. Also the production of our life-saving medicines could be uninterruptedly and continuously carried on. The company even achieved higher sales and a better result as it was guided at the beginning of the year.

The Supervisory Board, in its function as a controlling body and guided by the principles of responsible and good corporate governance, unconditionally fulfilled its duties according to statutory law, the Articles of Association and Rules of Procedure in the financial year 2020. It continuously and diligently monitored the management activities of the Board of Management and advised it on all matters of importance to the Company. The Board of Management kept the Supervisory Board updated on a regular basis and in a coherent and timely manner by means of written and oral reports on all matters which were of fundamental importance to the Company, including such decisions which do not require the consent of the Supervisory Board. In particular, the Board of Management informed the Supervisory Board on key business figures, in particular on issues relating to planning, business development, strategic development, human resources and succession planning, the risk situation, risk management and compliance. The Board of Management has, where the business development deviated from the planning, comprehensively explained such deviations and at all times involved the Supervisory Board in the decision on the strategy and status of the implementation thereof in the Company.

Where according to statutory law or the Articles of Association approval of the Supervisory Board is necessary for certain transactions, the Supervisory Board passed resolutions to the extent required.

In addition to the Supervisory Board meetings, the Chairman of the Supervisory Board also maintained fortnightly intensive personal and telephone contact with the Chairman of the Board of Management to obtain information on the business development, key business transactions and upcoming decisions as well as longterm perspectives and considerations on emerging developments. The Chairman of the Supervisory Board and the Chairwoman of the Audit Committee also automatically received all Internal Audit reports. The members of the Supervisory Board discussed current issues with the Board of Management also outside of the meetings.

There were no conflicts of interests involving members of the Board of Management or Supervisory Board during the financial year 2020, which require immediate disclosure to the Supervisory Board and must be reported to the Annual Shareholders' Meeting.

In the financial year 2020, the Company's business activities and developments in the context of the COVID-19 pandemic were of great importance in the discussions within the Supervisory Board. In addition, the Supervisory Board's discussions were dominated by considerations regarding succession planning for the Board of Management and the remuneration for the members of the Board of Management, the progress of the BNL (Biotest Next Level) project and of the product pipeline and the conduct of the Annual Shareholders' Meeting 2020 as a virtual shareholders' meeting without the physical presence of shareholders.

The Supervisory Board held six regular meetings and one telephone conference in the financial year 2020. In addition, three resolutions were adopted by way of circular procedure. In relation to the performance of their duties, members of the Supervisory Board received sufficient opportunity in the committees as well as in full composition to critically and thoroughly assess all reports and draft resolutions provided by the Board of Management. They had the opportunity to introduce their own proposals during discussions.

MAIN FOCUS AT SUPERVISORY BOARD DELIBERATIONS

After Ms. Simone Fischer was appointed as a member of the Supervisory Board by court order until the end of the Annual Shareholders' Meeting 2020, the Supervisory Board elected her as a member of the Audit and Governance Committee and as Chairwoman of the Audit Committee by circular resolution on 19 February 2020.

On 16 March 2020, the Supervisory Board unanimously adopted resolutions also by way of circular procedure on the approval of the Declaration of Compliance of 16 March 2020, the agenda for the Annual Shareholders' Meeting 2020, and the Sustainability Report 2019.

At the meeting on 30 March 2020, the Chairman of the Board of Management, Dr. Michael Ramroth, reported extensively on the impact of the COVID-19 pandemic on the Group's business development and provided a risk assessment for the upcoming months. In the meeting, Dr. Ramroth further presented to the Supervisory Board the annual financial statements for Biotest AG and the Group for the financial year 2019, as well as the statutory audit report. The auditor present, the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, Germany, explained the results of his audit and announced that he had issued an unqualified auditor's opinion on the annual financial statements of Biotest AG and the Group on 20 March 2020. The Chairwoman of the Audit Committee, Ms. Simone Fischer, reported on the review of and discussion on the singleentity and consolidated financial statements by the Audit Committee together with the Board of Management and the auditor on 24 March 2020. Upon proposal of the Audit Committee, the Supervisory Board, after conducting its own review, unanimously adopted a resolution to approve the annual financial statements 2019 for Biotest AG and the Group as well as the joint proposal for the distribution of profits by the Board of Management and the Supervisory Board to the Annual Shareholders' Meeting. At the same meeting, the Supervisory Board also approved the Supervisory Board Report, the dependency report and the audited non-financial statement (Sustainability Report) for the financial year 2019. The Supervisory Board resolved on proposing Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as statutory auditor for the financial statements 2020 to the Annual Shareholders' Meeting 2020. The Supervisory Board also approved the new terms of the Long Term Incentive Program for 2020-2022 presented by the Chairman of the Board of Management, the targets 2020 for the Board of Management, and the target fulfillment of the members of the Board of Management for 2019. In light of the nationwide contact restrictions due to the COVID-19 pandemic, the Supervisory Board unanimously agreed to hold the Annual Shareholders' Meeting 2020 as a virtual Annual Shareholders' Meeting without physical presence of the shareholders. Ms. Kerstin Birkhahn and Mr. Tan Yang were excused from attending the meeting.

At the Supervisory Board meeting on 7 May 2020, the Board of Management had the opportunity to report on the Group's business situation and the impact of the COVID-19 pandemic. The Supervisory Board informed itself about the business strategies developed by the Board of Management to meet the challenges posed by the pandemic. After a comprehensive exchange, the Supervisory Board unanimously expressed its full support for the Board of Management in implementing the developed business strategy. The Supervisory Board also discussed all issues in relation to holding the Annual Shareholders' Meeting 2020 as a virtual shareholders' meeting without the presence of shareholders, in particular its procedure and the rights of the shareholders.

The meeting of the Supervisory Board on 8 May 2020 took place after the Annual Shareholders' Meeting 2020. At this meeting, from which Mr. Tan Yang was excused from attending, the Supervisory Board discussed the tasks of the Governance Committee and determined that these overlapped considerably with those of the Personnel and Compensation Committee. For this reason, the Supervisory Board unanimously adopted the resolution to discontinue the Governance Committee and to transfer its existing tasks to the remaining Committees, the Audit Committee and the Personnel and Compensation Committee. Following the Supervisory Board Elections by the Annual Shareholders' Meeting 2020, the Supervisory Board elected Ms. Simone Fischer as a member and Chairwoman of the Audit Committee. The Supervisory Board noted that negotiations for the extension of appointment and the contracts with the members of

the Board of Management were now beginning. The Chairman of the Supervisory Board signaled that he was currently in weekly contact with the Board of Management and would inform the entire Supervisory Board of the exchange.

On 1 July 2020, the Supervisory Board meeting took place as a conference call without the participation of Ms. Fischer. By unanimous resolution, the Supervisory Board approved the appointment of Dr. Michael Ramroth as a member and Chairman of the Board of Management for a further three-year term of office until 31 December 2023. The Supervisory Board also unanimously approved the appointment of Dr. Georg Floß as a member of the Board of Management for a further term of two years until 8 January 2023. In this context, the Supervisory Board also approved the revised Board of Management contracts for the new term of office on the basis of the existing Board of Management contracts and the normal market adapted adjustments proposed by the engaged compensation advisor. The Supervisory Board authorised the Chairman of the Supervisory Board to conclude the contracts with the members of the Board of Management.

The Supervisory Board meeting on 28 and 29 July 2020 focused in particular on informing the Supervisory Board about the current business situation of the Group and the strategic, long-term business outlook, taking into account the implications of the COVID-19 pandemic. Furthermore, the Supervisory Board was informed about the status and significant developments of the BNL project. The Board of Management had the opportunity to present the 10-year plan, which was approved by the Supervisory Board after detailed discussion. Following an earlier meeting's decision to discontinue the Governance Committee, the Supervisory Board resolved the necessary amendment to its Rules of Procedure. In the further course of the meeting, the Supervisory Board discussed personnel succession plans.

At the meeting on 9 October 2020, the Supervisory Board was informed about the Group's current business situation, the status of the BNL project, and the Company's activities in connection with the COVID-19 pandemic, in particular its participation in the CoVIg-19 Plasma Alliance and the development of trimodulin for the treatment of COVID-19 patients. In addition, the Supervisory Board was informed about a pending trademark litigation of the Company in China against a Chinese company.

Also in the meeting on 4 December 2020, the Supervisory Board was informed about the business development from January to October 2020, the business forecast, the current COVID-19 activities and the status of the BNL project. The Board of Management also presented the budget for 2021 to the Supervisory Board, which was approved by the Supervisory Board after extensive discussion. The Chairwoman of the Audit Committee reported on the main consultations of the Audit Committee and gave the Supervisory Board a summary overview of the Compliance Report. The Supervisory Board unanimously approved the audit plan of the internal audit for fiscal year 2021. In accordance with the recommendation of the Audit Committee, the Supervisory Board proposes to the Annual General Meeting 2021, which is to be held as a virtual Annual General Meeting without the physical presence of shareholders, that KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be elected as auditor and Group auditor for the financial year 2020. For the aforementioned audit services, the Audit Committee recommended to the Supervisory Board, in accordance with Article 16 (2) of Regulation (EU) No. 537 / 2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements for the statutory audit of public interest entities and repealing Commission Decision 2005 / 909 EC ("EU Statutory Audit Regulation"), KPMG AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and Price WaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main and expressed a preference for KPMG AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. Both the Audit Committee's recommendation to the Supervisory Board and the Supervisory Board's proposal are free from undue influence by third parties. Nor were there any regulations within the meaning of Article 16 (6) of the EU Regulation on Statutory Auditors which would have restricted the choice of a statutory auditor.

COMMITTEES

To efficiently perform its duties, the Supervisory Board formed committees in the reporting year. Following the dissolution of the Governance Committee by Supervisory Board resolution of 8 May 2020, the two remaining committees are composed as follows as of the reporting date 31 December 2020:

Personnel and Compensation Committee

Rolf Hoffmann (Chairman)

Kerstin Birkhahn

Tan Yang

Audit Committee

Simone Fischer (Chairwoman)

Rolf Hoffmann

Jürgen Heilmann

Tan Yang

Prior to its dissolution by Supervisory Board resolution of 8 May 2020, the Governance Committee was composed as follows:

Governance Committee

Dr. Cathrin Schleussner (Chairwoman)

Rolf Hoffmann

Simone Fischer

Tan Yang

In the financial year 2020, the Audit Committee met with the Board of Management three times. The Chairwoman of the Audit Committee was also in regular contact with the Executive Board and the auditors outside the meetings. The meetings and resolutions were prepared by reports and other information from the Executive Board. The heads of the relevant corporate functions also reported on individual agenda items and were available to answer questions. The chairwoman of the committee informed the Supervisory Board promptly and comprehensively about the content and results of the committee meetings. At all meetings of the Audit Committee we dealt with the accounting of the Company and the Group, including the interim financial reports, and discussed these with the Executive Board. The auditors also attended two of the three meetings.

At its first meeting in the financial year 2020, held on 24 March 2020, the Audit Committee discussed, in the presence of the auditor, the annual financial statements and consolidated financial statements as well as the management report and Group management report, the dependency report and the separate non-financial report summarized for Biotest AG and the Group for the financial year 2019, including the respective audit reports and notes by the auditor and the auditor for the non-financial report, the corresponding proposal for the appropriation of profits and the risk report, and prepared the corresponding resolutions of the Supervisory Board. As in previous years, other members of the Supervisory Board also attended this meeting of the Audit Committee as guests.

In addition, the Audit Committee dealt with the EMIR mandatory audit pursuant to Section 32 of the German Securities Trading Act. In the further meeting, the Audit Committee discussed the tender process for the selection of the auditor for fiscal year 2021. The multistage selection process began in May 2020 with

an invitation to tender and was concluded with a final proposal to the Supervisory Board of two candidates with a preference for one candidate at the meeting of the Audit Committee on December 4, 2020.

The Audit Committee also prepared for the Chairman of the Supervisory Board the engagement of the auditors following their election by the Annual General Meeting to audit the parentcompany and consolidated financial statements, the management report and Group management report, and the dependent company report for the 2020 financial year, setting the audit fee and also discussing the socalled key audit matters. It was agreed that the auditors would inform the Supervisory Board without delay of all findings and events of importance to the Supervisory Board's duties that arise during the audit; a cap was set for the provision of non-audit services permitted under the relevant EU requirements. In this context, the Chairwoman of the Audit Committee and the Chairman of the Supervisory Board again satisfied themselves of the necessary independence of the auditor. The auditor declared to the Chairman of the Supervisory Board that there were no circumstances which would give cause to assume that he was not impartial.

On 28 July 2020, the Audit Committee had selected the candidates for the final selection round on the basis of the decided selection criteria and their weighting for the evaluation of the potential auditor candidates. The recommendation of the European Securities and Markets Authority (ESMA) to describe the impact of the COVID-19 pandemic in more detail in the financial figures was discussed. The Audit Committee dealt with accounting issues relating to the half-year financial report and discussed individual findings of the internal audit concerning the effectiveness of the internal control system. The Audit Committee also dealt with the procedure for identifying related party transactions.

At the meeting on 4 December 2020, the Audit Committee dealt with the findings of the internal audit on the functionality and effectiveness of the internal control system and the risk and compliance management system, the reporting of the risk and compliance officers and the current risk report, as well as selected accounting issues. Further, the audit plan of the internal auditor for 2021 was discussed and approved.

The auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, explained the updated audit plan for the 2020 audit and results from the preaudit. The Key Audit Matters and other key audit areas for 2020 were confirmed by the Audit Committee. The auditor provided an overview of the non-audit services provided in 2020 and the non-audit services expected to be provided in 2021, which were approved after appraisal by the Audit Committee.

As a result of the multistage selection process the Audit Committee proposed KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and Pricewaterhouse Coopers AG, Frankfurt am Main, with preference for KPMG AG Wirtschaftsprüfungsgesellschaft, to the Supervisory Board as future auditor. As auditor selected for the non-financial reporting of the fiscal year 2020, which will be prepared in the form of a separate non-financial report and made available to the public by publication on the website, Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg, was again appointed.

On 30 March 2020, the Governance Committee met for the last time before being dissolved by Supervisory Board resolution. At this meeting, the Governance Committee discussed, among other things, the candidate proposal for the Supervisory Board election at the Annual Shareholders' Meeting 2020 and amendments to the German Corporate Governance Code.

The Personnel and Compensation Committee met three times in the reporting year, on 30 March 2020, 8 October 2020, and 4 December 2020. The main topics discussed were the extension of the Board of Management service contracts, the target fulfilment of the Board of Management in 2019, new targets for the Boardof Management in 2020, and the Long Term Incentive Program 2020. Further topics of discussion were the succession plans for the Board of Management and the recommendations of a compensation advisor on the shortterm incentive (STI) and longterm incentive (LTI).

CORPORATE GOVERNANCE

Also in 2020, the Supervisory Board continuously complied with the further development of corporate governance standards within the Company. The Board of Management and the Supervisory Board reported on the corporate governance of the Company in the Corporate Governance Statement in accordance with Principle 22 of the German Corporate Governance Code which was published together with the Declaration of Compliance regarding the recommendations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). On 25 March 2021, the Board of Management and the Supervisory Board of Biotest AG issued a Declaration of Compliance with the recommendations of the government commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act.

CHANGES TO THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

By resolution of the Supervisory Board of 1 July 2020, Dr. Michael Ramroth's term of office ending on 31 December 2020 was extended until 31 December 2023. By resolution of 1 July 2020, the Supervisory Board also extended the term of office of Mr. Georg Floß, which ended on 8 January 2021, until 8 January 2023.

There has been an organizational change in the Supervisory Board Committees in the 2020 financial year. After determining that the tasks of the Governance Committee overlap considerably with those of the Personnel and Compensation Committee, the Supervisory Board decided to discontinue the Governance Committee and to transfer its existing tasks to the remaining Audit Committee and Personnel and Compensation Committee.

In the current financial year, the following changes have taken place in the Supervisory Board: With effect from 4 January 2020, Ms. Christine Kreidl resigned from her office as a member of the Supervisory Board. By court appointment, Ms. Simone Fischer was initially appointed as a member of the Supervisory Board until the end of the Annual Shareholders' Meeting 2020. Ms. Cathrin Schleussner had resigned from her office as a member of the Supervisory Board at the end of the Annual Shareholders' Meeting 2020. On 8 May 2020, the Annual Shareholders' Meeting 2020 confirmed Ms. Simone Fischer and elected Mr. Xiaoying (David) Gao as members of the Supervisory Board, each with a term of office until the end of the Annual General Meeting that will resolve on the formal approval of the actions of the members of the Supervisory Board for the financial year 2021. Again, the Supervisory Board would like to extend warm thanks to Ms. Schleussner and Ms. Kreidl for their work and support.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, Germany audited the consolidated and the end of year statement of Biotest AG by 31 December 2020 as well as the management report and the group management report and provided an unqualified opinion. Further, the aforementioned auditor reviewed the report on the Company's relations to affiliated companies (dependency report) and provided an unqualified opinion:

"Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that:

1. The factual statements contained in the report are correct.

2. The consideration paid by the Company for the legal transactions stated in the report was not excessive."

The external auditor engaged by the Supervisory Board to review the content of the separate non-financial statement also issued an unqualified audit opinion. The abovementioned documents, the auditor's report, the dependency report, the separate non-financial statement and the Board of Management's proposal on the appropriation of net profit were submitted to all members of the Supervisory Board in a timely manner. They were discussed in detail at the meeting of the Audit Committee on 24 March 2021 as

well as at the meeting of the Supervisory Board on 25 March 2021. In both meetings, the auditor reported on the main results of the audit and was on hand to answer questions and provide additional information.

After reviewing and discussing the individual and consolidated financial statements, the management report and group management report, the Board of Management's proposal on the appropriation of the net profit, the dependency report as well as the non-financial statement, the Supervisory Board raised no objections and approved the auditor's and external auditor's audit results. According to the final result of the review of the dependency report, the Supervisory Board also raised no objections to the declaration of the Board of Management on the dependency report. The Supervisory Board adopted the singleentity and consolidated financial statements as prepared by the Board of Management for the financial year 2020. The annual financial statements are thereby adopted. The Supervisory Board approved the Board of Management's proposal on the appropriation of profit.

It is extraordinary and not selfevident with what commitment, energy and flexibility all employees have ambitiously pursued and secured production and distribution of our life saving medicines. As consequence our patients were reliably cared for with their medicines. For this, the Supervisory Board would like to express its sincere thanks to all employees and the Management Board.

Dreieich, 25 March 2021

Rolf Hoffmann
Chairman

GLOSSARY / TECHNICAL TERMS

A

ALBUMIN (OR HUMAN ALBUMIN)

Protein produced in the liver that serves to maintain plasma volume and acts as a transport vehicle for many physiological and pharmacological substances.

ANTIBODIES

Proteins produced by special cells of the immune system as a defence reaction against various disease pathogens.

ANTIBODY DEFICIENCY SYNDROME

The body's inability to produce sufficient antibodies. A distinction is made between primary (congenital) and secondary (acquired) antibody deficiency syndromes.

C

CHRONIC INFLAMMATORY DEMYELINATING POLYNEUROPATHY (CIDP)

Chronic inflammatory demyelinating polyneuropathy (CIDP) is a rare inflammatory disease of the peripheral nervous system, starting with an increasing weakness in legs and somtimes arms. The increasing state of weakness develops over a period of two or more months. This is the main diagnostic criterion for differentiating CIDP from Guillain-Barre syndrome. The disease is caused by a damage of the myelin sheath that encases the nerve fibres.

CLOTTING FACTORS

Proteins responsible for blood coagulation

CYTOMEGALOVIRUS (CMV)

Usually harmless infection caused by cytomegalovirus (CMV). If it occurs during pregnancy, it can cause severe damage to the unborn child. As the viruses stay permanently in the body after an infection, there can be serious consequences in case of reactivations or new infections in the event of a suppressed immune system. One of the most common virus infections in organ transplantation, which can lead to loss of the transplant.

F

FACTOR VIII

The coagulation factor VIII or anti-hemophilic globulin A is an essential element of blood clotting. A lack results in hemophilia A. An excess can cause thrombus formation combined with an increased risk of venous thrombosis and pulmonary embolisms.

FIBRINOGEN

Protein produced in the liver that plays a central part in blood clotting. During clotting, it is converted to fibrin, which acts like a glue in the blood for sealing wounds. A fibrinogen deficiency is one possible cause of blood clotting disorders.

FOOD AND DRUG ADMINISTRATION (FDA)

US-American agency responsible for monitoring foods and licensing drugs.

FRACTIONATION (PLASMA FRACTIONATION)

Process for obtaining proteins from human blood plasma.

G

GUILLAIN-BARRÉ-SYNDROME (GBS)

Guillain-Barré syndrome is an acute or sub-acute neurological disease in which inflammatory changes occur in the peripheral nerve system. The nerve roots arising from the spinal cord and the associated anterior or proximal nerve sections are affected in particular

H

HAEMATOLOGY

Branch of medicine that involves blood and diseases of the blood.

HAEMOPHILIA

A blood clotting disorder resulting from defective or missing coagulation factors VIII (type A haemophilia) or IX (type B haemophilia).

HEPATITIS

Inflammation of liver, which can be attributed to various causes, especially virus infections and autoimmune diseases. It leads to death or damage of liver cells and to impairment or even cessation of the liver's metabolic functions. Liver transplantation is often necessary.

HUMAN ALBUMIN

See ALBUMIN

I

IMMUNE SYSTEM

Totality of all factors responsible for recognising and defending against infectious agents in the body and which exercise control over self-destructive processes.

IMMUNE THROMBOCYTOPENIA

Idiopathic Thrombocytopenic Purpura (ITP) belongs to the group of autoimmune diseases. Its main characteristic is the destruction of thrombocytes in the spleen. As the full-blown disease (including internal bleedings; purpura) is rare, today the term Immune Thrombocytopenia is more often used.

IMMUNOGLOBULINS

Synonymous with antibodies. They recognise and bind disease pathogens, facilitating their destruction by cells of the immune system.

IIMMUNOGLOBULIN A (IgA)

Immunoglobulin A accounts for approximately 10 % of the antibodies in human plasma. Its main purpose is to develop a defense function against pathogens in the body liquids (saliva, breast milk, intestinal secretion, urogenital secretion).

IMMUNOGLOBULIN G (IgG)

IgG are the most important group of immunoglobulins as they account for approximately 80 % of all immunoglobulins. They circulate in human plasma and exist in body secretions.

IMMUNOGLOBULIN M (IgM)

Largest antibody molecule in the plasma. In conjunction with the complement system (a system of plasma proteins that is activated as part of the immune response), it destroys bacteria and neutralises bacterial toxin.

IMMUNOLOGY

The study of immune defences and immune regulation that enables the body to fight disease pathogens.

INDICATION

The area of therapeutic use for which a substance or medication can be developed and authorised.

INTENSIVE CARE MEDICINE

Medical specialty that deals with the diagnosis and treatment of life-threatening conditions.

INTRAVENOUS (I.V.)

Administration of a medication through an injection into a vein

K

KAWASAKI SYNDROME

Kawasaki syndrome is an acute, febrile, systemic illness characterized by inflammation of the small and medium-sized arteries. In addition, systemic inflammation is present in many organs.

L

LIVER TRANSPLANTATION

A liver transplant is the surgical transplantation of a liver or parts of a liver into a patient with liver disease.

LENALIDOMIDE

Lenalidomide is a drug substance of the group of immune modulators and is used in combination with dexamethasone especially for the treatment of multiple myeloma. Lenalidomide is structurally related to Thalidomide and Pomalidomide.

M

MEDIA SYSTEMS

Technical facilities (production and piping systems for distribution) for the manufacture and distribution of media, e.g, highly purified water (e. g. as “water for injection”) or compressed air, which are used to manufacture the pharmaceutical products.

MONOCLONAL ANTIBODIES (MAB)

Antibodies whose production can be traced back to a single cell and which each specifically recognise and bind only a certain antigen.

P

PAUL-EHRLICH-INSTITUT (PEI)

German Federal Institute for Vaccines and Biomedicines. The PEI examines and evaluates benefits and risks of biomedical drugs and is responsible, among other things, for the approval of clinical trials, the authorisation of vaccines and preparations derived from human plasma and for the release for sale of production batches.

PHARMACOKINETICS

The sum of all processes that a medication undergoes in the body, from its absorption into the bloodstream to its distribution in the body, biochemical conversion and breakdown, and elimination of the substance (release, absorption into the bloodstream, distribution in the organism, metabolization, elimination).

PHARMACOVIGILANCE

Systematic monitoring of a drug’s safety to identify undesirable effects and take appropriate risk minimisation measures.

PLACEBO

A dummy medication. Medically inactive substance that is used to meet a subjective need for drug therapy. In many clinical studies, a control group is treated with placebo. The results are compared with those of the participants who have received the trial drug (verum).

PLASMAPHERESIS

Obtaining of plasma from whole blood. The cellular components are returned to the donor by centrifugation. This leaves blood plasma, a clear yellowish fluid, which contains the blood’s soluble protein components.

PLASMA PROTEINS

Collective term for blood proteins that occur most commonly in the blood plasma.

PLASMA PROTEIN THERAPEUTICS ASSOCIATION (PPTA)

Association of the world's leading manufacturers of plasma proteins.

PRIONS

Proteins that can occur in both normal and pathogenic structures in the human and animal body.

PRIMARY IMMUNE DEFICIENCY (PID)

Congenital defect in the immune system that results in a deficiency of antibodies.

R

RECOMBINANT

Produced with the aid of genetically modified micro-organisms or cell lines.

S

SEVERE COMMUNITY ACQUIRED PNEUMONIA (sCAP)

Spread of the inflammation from the lung to the body often results in complications such as sepsis, septic shock or organ failure.

Standard Operating Procedure (SOP)

A Standard Operating Procedure (SOP) is a binding written description of process flows including the checking of results and their documentation especially in areas with critical processes with the potential to affect the environment, health or safety. SOPs are used in the official marketing authorisation of products and services and are found in the pharmaceutical industry and elsewhere.

SUBCUTANEOUS (S.C.)

In anatomical terms, the layer of tissue beneath the skin. This consists mainly of connective tissue and fat. The subcutaneous application of a drug is an injection under the skin

SUBSTITUTION THERAPY

Medicinal use of a substance that is not produced sufficiently by the body itself.

V

VARICELLA ZOSTER VIRUS

A virus belonging to the herpes virus family. The first infection usually leads to chickenpox. Reactivation, for instance if the immune system is weakened, can lead to shingles.

GLOSSARY / FINANCIAL TERMS

A

ASSOCIATE

A Group company that is not fully consolidated (participating interest < 50 %) and is significantly influenced by the parent company.

C

CASH FLOW

Actual movement of cash into or out of the company in a period (inflows and outflows). An indicator of a company's internal financing ability.

CONTRIBUTION MARGIN

A category used in cost accounting. Difference between revenue and variable costs.

CURRENCY OPTION

Transaction that hedges the risk of fluctuations in exchange rates. The buyer of a currency option acquires the right, but not the obligation, to purchase or sell a currency at a specific rate on a specified date.

D

D&O INSURANCE

Directors' and officers' insurance (also: executive body and manager liability insurance). Financial loss liability insurance that a company obtains for its executive bodies (Board of Management and Supervisory Board) and senior managers.

DEFERRED TAXES

Income taxes payable or receivable in the future, which do not constitute actual receivables or payables at the time the financial statements are prepared.

DERIVATIVE

Financial instrument, the price of which is based on market-related factors. Used among other things to hedge against fluctuations in value.

DIRECTORS' DEALINGS/MANAGERS' TRANSACTIONS

Transaction in securities issued by a listed company executed by the company's management or related companies or persons.

E

EAT

Earnings after taxes.

EBIT

Earnings before interest and taxes.

EBT

Earnings before taxes.

F

FACTORING

Financial service. The factor acquires a company's accounts receivables due from the company's debtors.

FAIR VALUE

A rational and unbiased estimate of the potential market price of an asset or liability.

FINANCIAL ASSETS AT AMORTISED COSTS (AC)

A financial instrument class as defined in IFRS 9.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FAFVtPL)

A financial instrument class as defined in IFRS 9.

FINANCIAL LIABILITIES AT AMORTISED COST (FLAC)

A financial instrument class as defined in IFRS 9.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FLFVtPL)

A financial instrument class as defined in IFRS 9.

H

HEDGE ACCOUNTING

Accounting technique. Creates hedging relationships between the underlying transaction and the derivative financial instruments used for hedging purposes.

HYBRID FINANCIAL INSTRUMENT

Host contract with embedded derivative.

L

LOANS AND RECEIVABLES (LaR)

A financial instrument class as defined in IFRS 9.

LONG TERM INCENTIVE PROGRAMME (LTIP)

A variable, success-based remuneration system.

N

NET PRESENT VALUE

Key business indicator for dynamic capital budgeting, in which payments that occur at any point in time are made comparable by discounting such payments back in time to the start of the investment. The net present value is the sum of the present values of all payments (inflows and outflows) resulting from the investment.

O

ORDINARY SHARE

A share that confers voting rights and is the counterpart to the preference share.

P

PREFERENCE SHARE

Share without voting rights, but which entitles the holder to a preferred and generally higher dividend. The counterpart to a preference share is the ordinary share.

PROMISSORY NOTE

Form of (long-term) debt financing for companies, in which a borrower is granted a loan by different creditors through the provision of capital.

R

RETURN ON CAPITAL EMPLOYED (ROCE)

A measure of the return that a company realises on its capital.

S

SENSITIVITY ANALYSIS

Used to determine the impact of specific factors on certain performance indicators.

SWAP

Exchange of receivables and liabilities in the same or a foreign currency with the aim of obtaining a financing, interest rate or yield advantage.

W

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The weighted average cost of capital approach denotes an approach that forms part of the discounted cash flow methods used for valuing companies. This method is also often called the free cash flow method. It is mostly used to determine the minimum rate of return for investment projects.

WORKING CAPITAL

Short-term tied-up capital.

FINANCIAL CALENDAR

11 MAY 2021
Three-month report

11 MAY 2021
Annual General Meeting

12 AUGUST 2021
Half-year report

11 NOVEMBER 2021
Nine-month report

ACKNOWLEDGEMENTS

PUBLISHER
Biotest AG
Landsteinerstr. 5
63303 Dreieich
Germany
www.biotest.com

IR contact
Dr Monika Buttkereit
Phone: +49 6103 801 4406
Fax: +49 6103 801 347
investor_relations@biotest.de

PR contact
Dirk Neumüller
Phone: +49 6103 801 269
pr@biotest.com

CONCEPT AND DESIGN
Scheufele Hesse Eigler
Kommunikationsagentur GmbH,
Frankfurt am Main, Germany

PUBLISHING SYSTEM
AMANA consulting GmbH,
Essen, Germany

EDITORIAL OFFICE AND PROJECT MANAGEMENT
cometis AG,
Wiesbaden, Germany

PHOTOGRAPHY
Simone Kiefer, Dreieich, Germany

The annual report contains forward-looking statements on overall economic development as well as on the state of business, results of operation, cash flows and financial position of Biotest AG and its subsidiaries. These statements are based on current plannings, estimates, forecasts and expectations of the company and are thus subject to risks and elements of uncertainty that could result in significant deviation of actual developments from expected developments. The forward-looking statements are only valid at the time of publication of this annual report. Biotest does not intend to update the forward-looking statements and assumes no obligation to do so.

BIOTEST AG | Landsteinerstr. 5, 63303 Dreieich, Germany, www.biotest.com